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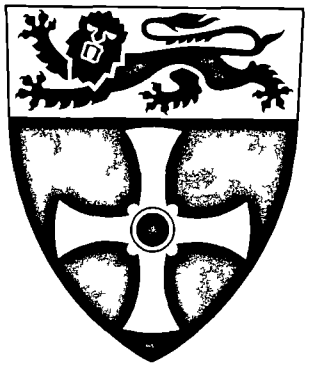

The Social Construction of Entrepreneurial Behaviour

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Abstract

The research examined the nature of behaviour in relation to the motivations and aspirations of small business owners. The work provides a more comprehensive understanding of business owners' behaviours and their reasons for being in business.

The thesis analyses the philosophical assumptions underlying theories and previous ideas on entrepreneurship. It shows that such assumptions guide and/or restrict the process of knowledge construction in the subject. One contribution that the work provides is to develop theoretical frameworks, based on the principles of Social Constructionism, which are used to guide the methodology and field research.

The field research, which involved benchmark case studies and critical incident interviews with restaurant business owners, explores and codes narrative data examining behaviours related to entrepreneurship. The results show that the interviewees' reasons for being in business have an important impact on their behavioural strategies. This affects the way they socially construct and relate to their external environment. The thesis is concluded by the presentation of an integrated typology that builds on and adds to existing knowledge in the subject area. The work thus provides a better understanding of small businesses and may better inform business support and enterprise policy.

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Introduction

This thesis 'The Social Construction of Entrepreneurial Behaviour' is a journey of intellectual development and discovery as well as a piece of research. The underlying rationale for this work started on a number of basic questions and personal experiences that have ultimately guided the direction of the research. In the first instance my previous experiences with a family business led me to ask; 'why do people start businesses?'; and 'what differentiates those people who become owners of high growth firms from those people who simply enjoy the independence of being a business owner?' The desire to answer these questions has led to the topic investigated but has also led to a concentration on the individual in the process of enterprise. As a consequence much of the literature reviewed, the conceptual framework constructed and the research undertaken is focused on individual behaviour and thus draws from economics, economic psychology, psychology, sociology and social psychology.

Secondly, during my undergraduate study it became evident to me that business studies was a multidisciplinary subject, that knowledge in different subject areas was categorically different and that 'success' in study required adapting one's mode of knowledge construction differently in different subject areas. This realisation led me to ask the question why? Investigating this question has led me to philosophy and perhaps the true purpose of a PhD. Examining this question has led me to explore the construction of knowledge in the subject of enterprise and entrepreneurship. It has led to fundamental philosophical questions and an attempt to explore the underlying assumptions made by theorists in the subject area. Given the two questions that have been the driving force for this work the challenge has always been to link the broad meta-theoretical aspects of the PhD to the specific question of understanding entrepreneurial behaviour. In order to do this four sections have been required flowing from a discussion of meta-theory through to a narrow and specific piece of field research. The four sections are explained below.

Section One: An Exploration of the Meta-theoretical Assumptions Underlying Social Science

The first section includes one chapter that re-constructs Burrell's and Morgan's (1979) paradigms of social science and analyses contemporary issues relevant to the paradigms using Social Constructionism. The objectives of the chapter are to identify the possible philosophical assumptions underlying social science and to construct criteria and a conceptual framework that can be used to analyse the philosophical assumptions underlying the study of entrepreneurship.

Section Two: Literature Review

Section two includes five chapters that review research that analyses entrepreneurial behaviour and enterprise focusing on the individual in the process of enterprise. The review has sought primarily to add knowledge to the field by examining the underlying philosophical assumptions used in various research studies. These assumptions have been used to categorise the studies.

Section Three: Conceptual Framework and Methodology

The conclusions about the study of entrepreneurship identified from the literature review are used in this section to build a conceptual framework for the research. The purpose of this section is to construct a coherent and consistent conceptual framework that is drawn from the 'interpretive' paradigm of Burrell's and Morgan's (1979) paradigms of social science. There are three chapters in this section constructing a meta-theoretical framework, a theoretical framework and introducing the methodology (all utilising a Social Constructionist approach).

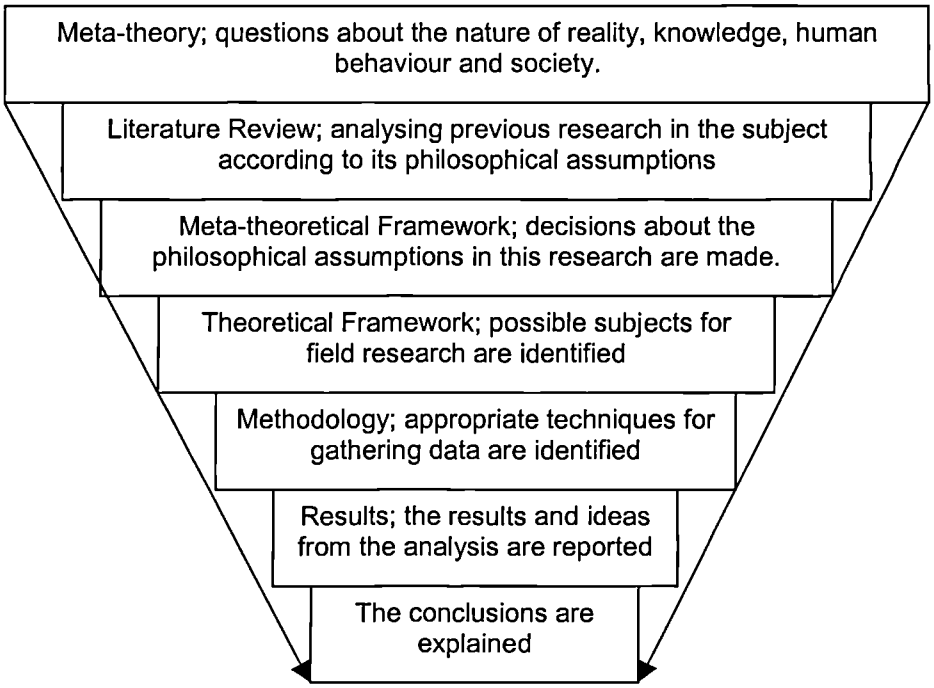
Section Four: Results and Conclusions

This section introduces, explains and draws conclusions from the field research undertaken. It introduces and explains the research frame, sample and structure including the development of operational definitions. It introduces the results of two benchmark case studies and results from 42 interviews with business owners.

The flow of discussion in the thesis is thus from the general to the specific. It starts with more general questions that relate to an understanding of knowledge itself. It then analyses questions of knowledge and philosophy as they relate to previous study in the field of entrepreneurship. It uses this understanding to introduce a conceptual framework for researching entrepreneurial behaviour and then researches one aspect of this conceptual framework. The following diagram illustrates this progression from the broad subject area to a specific piece of field research. This diagram will be used to help chart the development of ideas along the course of the thesis.

Figure 1

The Structure of the Thesis



Section One

An Exploration of the Meta-theoretical Assumptions Underlying Social Scientific Research

Synopsis:

This section constructs and analyses a conceptual framework based on Burrell's and Morgan's sociological paradigms. The conceptual framework is developed on the principle that underlying all approaches to human behaviour there are a number of implicit meta-theoretical assumptions. The view is expressed that these assumptions can be identified along two dimensions, first, assumptions about the nature of science and secondly assumptions about the nature of society. This approach constructs the two dimensions as a matrix from which four paradigms are presented. The following literature review uses this framework as a heuristic device to analyse the literature in the field of entrepreneurship.

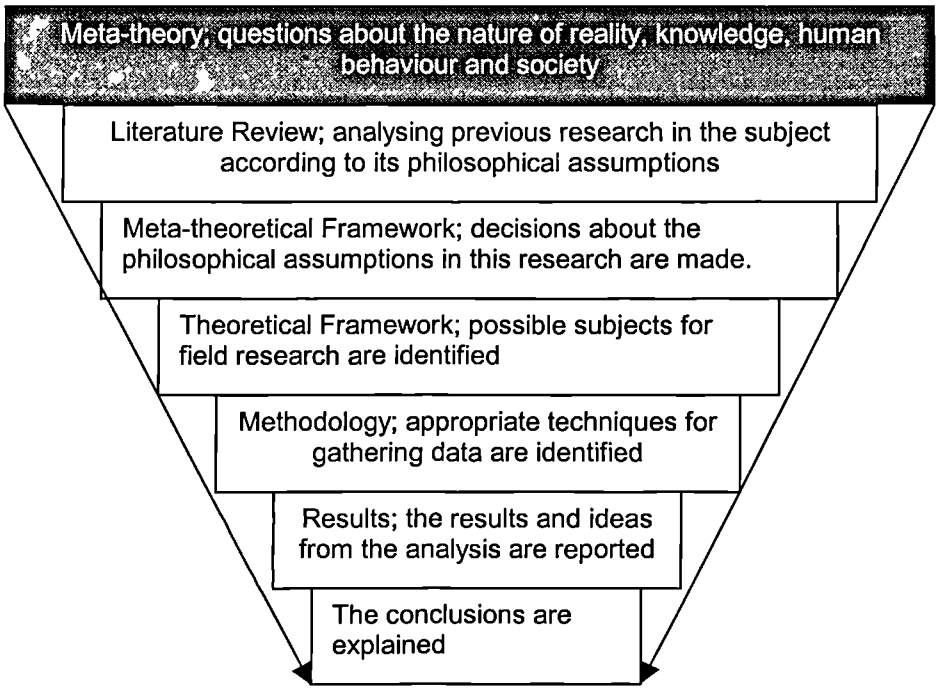
Aims:

1. *To undertake a broad analysis of the meta-theoretical assumptions underlying approaches studying human behaviour.*

2. *To highlight the historical importance of ideas on human behaviour.*

3. *To construct a framework for identifying the implicit assumptions in the entrepreneurship literature.*

The Structure of the Thesis



Chapter One

A Framework for Mapping Philosophical Assumptions.

1. 1. Introduction

'Everything has a beginning'; this 14th century proverb neatly encapsulates the purpose of this first chapter. This chapter is based on the premise that research in all fields of social science begin from fundamental philosophical assumptions (Kuhn, 1962; Burrell and Morgan, 1979). The primary objective of this chapter is to provide a framework that will help highlight the philosophical assumptions made in the entrepreneurship literature. In order to fulfil this objective it is necessary to build a conceptual framework that can be used to map social theories of human behaviour according to their philosophical assumptions and to present this framework as it relates to the Social Construction of Entrepreneurial Behaviour.

The approach used will, as a starting point, draw from significant work undertaken by Burrell and Morgan (1979) in their book *'Sociological Paradigms and Organizational Analysis'*, where the authors have constructed a conceptual framework for clarifying researchers assumptions in the field of organisational analysis. This framework will be analysed, adapted, critiqued in relation to Social Constructionism and used to explain the philosophical assumptions of research in the field of entrepreneurship. In other words, the conceptual framework will be used as a heuristic device that will assist in the identification of any assumptions made in the literature. From this analysis it will be possible to develop theoretical charts that can be used to classify the entrepreneurship literature. Such an approach will recognise the inherent and irreconcilable theoretical differences in the entrepreneurship literature and it will help provide a more comprehensive view by accounting for those differences.

Burrell's and Morgan's (1979) thesis was constructed on the premise that all theorists bring to their subject of study a frame of reference, a whole series of assumptions about the nature of the social world and the way it may be

investigated. According to them this underlying frame of reference is based on meta-theoretical assumptions about the nature of social science and the nature of society. These assumptions generate distinct views of the social world that generate different ways of analysing social life and human behaviour. It is the contention of their thesis that these meta-theoretical assumptions can be organised into four paradigms, which depend on particular assumptions about the nature of knowledge construction. They propose that the bulk of contemporary academic thought in the subject of Organisational Behaviour was located within a particularly narrow range of theoretical assumptions that characterise one of the four paradigms. The historical context of Burrell's and Morgan's work meant that it had implications for academic study in the subject of Organisational Behaviour, which led to the introduction of new and different modes of academic study within the subject.

A reconstruction of the conceptual framework used by Burrell and Morgan has been undertaken to identify key criteria that may be used to assess and identify different philosophical assumptions used within the subject of entrepreneurship. The method used by the authors did not restrict in any way the influence a particular researcher may have on the analysis and this was a particular weakness, which along with others will be discussed in this chapter (Guba 1985; Lincoln 1985; Hassard 1991). In order to resolve this problem the reconstruction will identify six possible assumptions along each continuum used by Burrell and Morgan (1979) and these criteria will be used to analyse the assumptions of the entrepreneurship literature. The criteria identified is reported in Appendix 1 and 2.

1. 2. The Subjective - Objective Dimension

Central to Burrell's and Morgan's thesis is the idea that all theories of organisations are based upon a philosophy of science and a theory of society. The first aspect of this is the philosophical assumptions that underlie approaches to social science. They present a dimension between subjective approaches and objective approaches based on four sets of assumptions related to ontology, epistemology, human behaviour and methodology. A limitation of their approach is that they tend to assume that these four dimensions are linked or that an assumption about reality should in someway lead to an assumption about the nature of knowledge.

1. 2. 1. Ontological Assumptions

Ontology is a branch of meta-physics, a part of philosophy that examines the nature of being. Ontological assumptions are about what exists and underlies a conceptual scheme or theory. In other words, ontological assumptions are assumptions about reality and how each of us perceives reality. For example, a researcher investigating entrepreneurial behaviour is faced with a basic ontological problem; is entrepreneurship a social structure external to the individual or the product of individual consciousness? Do we believe that entrepreneurship is an objective reality that can be measured or is it a completely subjective phenomenon that may have different interpretations for different people. Such assumptions about ontology have important influences on entrepreneurial research because if a researcher believes reality is subjective they may wish to identify how the word is interpreted as a concept. While a researcher who views reality as an objective fact may be inclined to seek a unified definition of the subject.

There is considerable controversy concerning the nature of these two diametric positions and between these two extremes are a range of possible philosophical assumptions, some of which question the validity of duality as it is assumed by such dimensions (Davies, 1998). Indeed, the relativism - realism debate (Parker, 1998; Nightingale and Cromby, 1999) in social psychology has been undertaken with considerable force, effort and controversy, and little

agreement exists about the ontological nature of Social Constructionism. Much of the work undertaken in social psychology drawing on Social Constructionism has concentrated on discourse analysis (Gergen, 1985, 1994; Harré and Gillett, 1994; Potter and Wetherell, 1987; Shotter, 1993; Wetherell and Potter, 1992). It has conceptualised human psychology as a 'ensemble of social relations' drawing on deconstruction, discourse theory and introducing a relativist ontology into psychology (Parker, 1998). In some instances this has led to extreme relativist perspectives, where discourse in many ways represents the construction of reality by groups (Potter, 1998) and in other cases this has led to some reaction against extreme relativism with the introduction of ideas about 'embodiment', 'agency' and 'truth' (Montero, 1998). Further, in other instances it has led some researchers to move toward Critical Realism as a more appropriate underlying approach for social psychology (Collier, 1998; Sayer, 2000). Assumptions and debates about the nature of reality thus have a number of interesting dimensions; they lead to considerable debate, are complex by their nature, but underlie the development of theory and practice in academic study. Ultimately this thesis will explore in further detail the debate in Social Constructionism because it is central to the work to be conducted and to its approach when researching 'entrepreneurial' behaviour.

The broader ontological assumptions will be assessed within prior research on 'entrepreneurial' behaviour and explored to illustrate the current assumptions made by researchers in the subject. It is evident from a precursory observation, however, that Social Constructionism despite its current ontological status and disagreements could inform and improve research on the subject of entrepreneurial behaviour. The reasons for this are complicated but can be arranged into a number of categories. First, it is evident that the subject of entrepreneurship has only recently re-emerged as a topic of investigation, following historical analysis in economics, and as such investigation into the subject remains at a formative stage (Churchill and Lewis, 1986). As a relatively new subject its ontological status has not been considered or debated in any detail (Oliga, 1991). Secondly, the subject lacks a well-defined research

agenda and lacks clarity and consensus regarding purpose, theoretical perspective, focus, level of analysis, time frame and methodology (Low and MacMillan, 1988). These difficulties indicate a subject struggling with a range of ontological and epistemological assumptions that lead to different forms of academic approach. Thirdly, the reason for such diversity can be found when one assesses the roots of the entrepreneurship as a subject (Bygrave, 1989). It is evident; for example, that the subject draws ideas, theories and metaphors from the basic disciplines of mathematics, biology, psychology and sociology and from the applied disciplines of economics and business (Bygrave, 1989, p. 10). The core philosophical assumptions made by researchers studying entrepreneurship are thus drawn from a range of disciplines and 'schools of thought' within disciplines leading to diversity in the ontological status of the subject. This point is recognised by Kilby (1971) when he suggests that *"...the importance given to the entrepreneur as a causal variable...is strongly conditioned by the particular scholar's field" (Kilby, 1971, p. 3).* Researchers in each social science discipline tend to define the problem so that the principal area of study derives from their discipline consequently drawing on particular philosophical and theoretical frames of reference. Oliga (1991) also recognises the difficulty that such diversity in philosophical status causes when he considers that a developing discipline, such as entrepreneurship, can ill afford to ignore the range of implicit, ontological, epistemological, axiological and methodological presuppositions it makes. In response the purpose of this thesis is to explore and critique the philosophical status of previous studies in entrepreneurship and demonstrate how a specific Social Constructionist framework can improve and support understanding in the subject. Appendix 2 highlights the criteria constructed to assess the ontological assumptions underlying contemporary theories of entrepreneurship.

1. 2. 2. Epistemological Assumptions

Epistemology is a *"branch of philosophy which is concerned with the nature and criteria of knowledge, together with its sources, kinds and extent"* (Parkinson, 1988, p. 233). Assumptions of an epistemological nature are

assumptions about knowledge, they are about how people can understand and conceptualise the world and the way in which they can communicate this knowledge to other people.

Epistemological assumptions concern the nature of human ideas, about how knowledge can be obtained and distinguished as either 'true' or 'false' knowledge. For example, to be able to transfer knowledge on how to become an entrepreneur, one must first develop the knowledge on what an entrepreneur is, discover how one can become an entrepreneur, identify the extent to which this knowledge is either 'true' or 'false' and then communicate the result. However, underlying any approach is a number of fundamental assumptions. First, an assumption about what knowledge actually is and secondly, an assumption about the most appropriate method to test this knowledge.

These assumptions are again fundamental, the dichotomy of 'true' and 'false' must start from an epistemological stance on the nature of knowledge. In relation to entrepreneurship can the knowledge of entrepreneurial behaviour be taught and developed or indeed can this knowledge only be gained through personal experience? It is this question about knowledge that leads to different research questions when studying entrepreneurship. For example, does one seek to explain *what* occurs, or *how* it occurs, or *who* makes it occur. All such assumptions are epistemological in nature and can lead to different research approaches. This debate has been characterised as one between Positivism and Anti-Positivism (Kolakowski, 1972; Habermas, 1974) and between these two extremes other epistemological assumptions can be made.

In Social Constructionism debate centres on the relationship between ontology and epistemology (Collier, 1998). Can one, for example, have a reality that exists outside oneself, outside of its construction in language while at the same time having knowledge that is relative and based purely on the construction of language (Potter, 1998)? Alternatively, if reality is relative, based purely on its construction in language and dependent on the dominant discourse in time and space can one have knowledge that is either 'true', 'false' or morally 'correct' (Burr, 1998)? In other words, what is considered morally

correct by some may simply be oppression to others. Social Constructionism thus generally accepts a relativist perception of knowledge, that knowledge resides in the construction and use of language but cannot decide whether this by definition implies a need for ontological relativity. Indeed, there is some suggestion that this duality itself is an unnecessary social construction that categorises and simplifies a complex problem regarding how human beings understand an interpret reality and how this consequently impacts on knowledge diversity (Davies, 1998).

Epistemological problems that arise in current entrepreneurship theory become most evident when one examines definitions of the subject. A concern to define the words, 'entrepreneur', 'entrepreneurship' and 'entrepreneurial behaviour' has been central issues for most studies. Many books and articles have restated and re-conceptualised definitions of the subject and yet, despite being sought, any form of agreement remains elusive (Brockhaus and Horwitz, 1986). In exasperation, and now often quoted, Kilby (1971) likened the search for the entrepreneur to hunting a Heffalump because the concept appeared simple but when one attempted to measure or explain it many conflicting views made agreement on a definition almost impossible. This view led to the idea that to persist asking the question, 'What is entrepreneurship and who are entrepreneurs?' is likely to be a futile pursuit (Hornaday, 1990) and that researchers will know entrepreneurship when they see it (Mitton, 1989). These views, although consistent with the relativity of knowledge as understood in Social Constructionism, are simplistic and unacceptable because a researcher will apply an implicit definition anyway and it is preferable that a researcher at least makes such assumptions clear.

Epistemological relativity in the subject of entrepreneurship is quite evident when one examines what different researchers are trying to define and the level of analysis that they pursue, from such an analysis, it is clear that there are a number of different types. For example, the foci for definition have been, the function, the individual, the firm and the action and definitions conflict on two levels, first, between competing definitions and, secondly, between assumptions about what is being defined. Consequently, the subject of

entrepreneurship involves multiple phenomena, multiple perspectives and this is complicated further by the fact that some researchers have applied operational definitions that are different from their conceptual definition (Casrud, Olm and Eddy, 1986).

A number of examples of definitions are presented in Appendix 3 and they adequately illustrate the heterogeneity of knowledge in the subject. Social Constructionism can thus provide significant value in the subject by recognising such epistemological variety without necessarily placing one form of knowledge above another. There are, however, a number of categories of definition one can illustrate acknowledging that the meaning of a word (or category) such as 'entrepreneurship' can be fluid changing and adapting over time and space, and can have many meanings in any one time and space.

The categories that one can identify in the entrepreneurship literature include 'ownership', 'uncertainty', 'opportunity', 'new venture creation', 'innovation and change' and 'growth'. Categories of definition centred on ownership emphases the importance of bearing risk in business ownership, where all business owners are classed as entrepreneurs (Morris, Lewis and Sexton, 1994). Uncertainty refers to the process whereby an individual or group accept the uncertainty surrounding business activity where uncertainty means the portion of business decision-making that revolves around unknown future events (Knight, 1921). Definitions based on opportunity as an interpretation of entrepreneurship refer to the individual's capacity to be aware or alert to new or existing opportunities in a market place. The idea is somewhat akin to the concept of 'arbitrageur', where the term means an individual who makes profit from unrecognised differences in demand and supply (Menger, 1950; Mises, 1949; Kirzner, 1973; Kirzner, 1980). 'Entrepreneurship', as new venture creation, refers to the founding of a business venture where none existed before (Morris, Lewis and Sexton, 1994). Definitions based on innovation and change refer to the idea that 'entrepreneurship' is based on the unique combination of resources that make existing methods and products obsolete (Schumpeter, 1934). Where innovation is perceived to be spontaneous and discontinuous

change leading to novel ideas, products and markets. Finally, definitions based on growth assume that business activity defined as 'entrepreneurship' indicates a strong and positive orientation towards growth in sales, income, assets and (or) employment (Morris, Lewis and Sexton, 1994).

Such diversity in the meaning of the term 'entrepreneurship' provides a good example of the epistemological diversity in the subject and it is clearly the case that in many instances researchers, practitioners and policy-makers use a term assuming parity in meaning when parity does not exist. When one examines definitions of entrepreneurship further it is also evident that some of these types are mutually exclusive and others are not and that researchers may typically apply many of the types, for example, expecting an entrepreneur to be both a business owner and innovative (Harwood, 1982, p. 98). Developing a comprehensive analysis of epistemological assumptions, as will be undertaken in this thesis, will allow for a more sophisticated understanding of the subject and a Social Constructionist approach can aid such deconstruction. Appendix 4 illustrates some potential criteria for assessing epistemological assumptions and these criteria will be used to analyse and deconstruct the entrepreneurship literature.

1. 2. 3. Assumptions about Human Behaviour

Assumptions about human behaviour are about the relationship between human beings and their social environment. A question established by Plato is of particular relevance to this question;

> *"...whether humans are autonomous creators of value or whether we live in a world so imbued with value that we choose to achieve happiness by living in accord with it." Trigg, 1988, p. 13*

This is a dichotomy that underlies our assumptions about the nature of human behaviour. Do we believe that much of our behaviour is as a result of free will or is our behaviour determined by internal and external influences? For example, if one believes in complete free will, this suggests that humans can make choices and that our actions based on choice influence the social world in which we live. In terms of 'entrepreneurship' such an assumption would

suggest that individuals have complete freedom of action and that it is their choices that influence their behaviour. If one believes in determinism this suggests that our behaviour is influenced by forces over which we have little control, such as, our genes, our social environment and so on. In terms of 'entrepreneurship' such an assumption would suggest that various psychological and sociological forces influence any individual's propensity to become an 'entrepreneur'. This dichotomy can be characterised as a debate between voluntarism and determinism.

Burrell's and Morgan's (1979) dichotomy does, however, have its limitations when one examines human (or indeed 'entrepreneurial') behaviour. For example, other debates such as the nature - nurture debate (Hampson, 1982), questions about 'embodiment' (Harré, 1999) and 'human agency' (Mises, 1949; Parker, 1999) are of equal importance and cannot be simply tacked on to the debate between voluntarism and determinism. In Social Constructionism, as it is debated in social psychology, key problems and issues arise and, in many ways, questions are posed as a consequence of prior ontological debate. For example, Burr (1998) suggests that extreme relativist views lead to serious difficulties accounting from human agency because the 'choosing person' is transformed into a way of talking that itself is part of the Western construction of 'self' and thus relative to the discourse dominant in Western society. Clearly, in the view of Burr (1998) a relativist ontology can lead to a deterministic assumption about human behaviour, somewhat questioning the linkage that Burrell and Morgan make between the continua used to construct the subjective - objective dimension in their paradigms of social science. Some researchers such as Parker (1999), on the one hand, suggest that questioning the Western conception of 'self' does not lead to the rejection of human agency just a need to re-conceptualise it in a way that takes into account collective effort and other more sophisticated accounts of agency than those used currently. On the other hand, researchers such as Willig (1999) point to the concepts of potentialities and practice (Levins and Lewontin, 1985; Holzkamp, 1997) as ways of explaining human agency from a Social Constructionist standpoint. The idea

being that there are many possible futures toward which one can act which when taken up by social actors can transform experience and provide new possibilities for the future. In other words, 'practice' (or agency) represents the mechanism by which potentialities are realised (Newman and Holzman, 1997). In Social Constructionism itself considerable debate has been ongoing into the nature of human behaviour and these debates are informed and influenced by prior ontological and epistemological assumptions.

The subject of entrepreneurship could benefit from an informed understanding of these issues and debates, as it is evident that disagreement about human behaviour remains a central issue when trying to explain or understand entrepreneurial behaviour. For example, entrepreneurship draws on a range of different 'schools of thought' within psychology and social psychology including: Freudian psychology (Kets de Vries, 1977), cognitive psychology (Gaglio and Taub, 1992; Palich and Bagby, 1992), personality theory (McClelland, 1971; Rotter, 1990; Greenburger and Sexton, 1988; Ginn and Sexton, 1990), interactionism (Boyd and Vozikis, 1994) and social constructionism (Chell, 1985; Chell et al., 1991). Other problems and issues have arisen around more traditional issues, such as, the nature - nurture debate. Gartner's (1989) and Carland's, Hoy's and Carland's (1988) disagreement about asking the question "Who is an entrepreneur?" is a good example of debate based on different assumptions about human behaviour. It was suggested by Gartner (1989) that asking the question "Who is an entrepreneur?" is the wrong question. Gartner suggested that this question should be replaced by "How do organizations come into existence?" Carland et al. (1988) retorted that trying to separate the study of the 'entrepreneur' from the process of 'entrepreneurship' is synonymous with trying to separate the dancer from the dance. Despite the fact that the disagreement depended on an assumption that 'entrepreneurship' was venture creation, it was a good example of disagreement in the subject over the nature of human behaviour. On the one hand, Gartner considers present situational factors to be the most important group of factors influencing human behaviour and this leads him to think that it is what individuals do that is important. He thinks that explaining all the factors involved in the process is a

more appropriate way to study 'entrepreneurship'. On the other hand, Carland et al. (1988) considers individual factors to be the most important group of factors influencing human behaviour. This leads them to think that who the individual is and the factors that make the individual's personality what it is are more important. They think that explaining what makes one individual more likely to become an entrepreneur than another individual is the most appropriate way to study entrepreneurship.

While neither of these two approaches is near either extreme of the nature - nurture debate they do draw on different sides of the continuum. Gartner's approach accepts little from the nature side of the debate; behaviour is almost completely dependent on the specific situation (although individual factors do have an influence). Carland et al. consider that the individual's personal factors may have a significant influence on the situation accepting little from the nurture side of the debate (although not suggesting that personality is entirely acquired genetically). Clearly, this is a debate between determinists the central question that is asked is; "What determines behaviour?" not whether behaviour is determined or whether humans choose behaviour, and thus it would be further complicated if one were to introduce ideas about the nature of 'agency' and 'choice' as other researchers have done (Shackle, 1979; Kirzner, 1990; Shaver and Scott, 1991). What this debate does indicate, however, is that there is considerable diversity in the assumptions about human nature that underlie the study of entrepreneurship.

Further analysis is thus required that draws out the implicit assumptions about human behaviour and makes these assumptions more explicit, in order that one can be aware of diversity in the subject. Appendix 5 highlights criteria that will be used to analyse assumptions about human behaviour in the study of entrepreneurial behaviour.

1. 2. 4. Methodological Assumptions

Methodology can be described as the 'science of method'. While the two concepts are related methodology differs from method. Methods are the rules of

scientific procedure or the actual process of developing concepts, building models and observing and testing theories (Machlup, 1978). *Methodology is the philosophical study of reasons behind a prescribed use of methods. (Shionoya, 1992, p.344)* It is the branch of philosophy concerned with the rationale for selecting certain methods that test whether knowledge is either 'true' or 'false'. Where an investigator stands on ontological, epistemological and human behaviour issues will ultimately influence the method they choose to test knowledge and in this way influence the results and conclusions they make. If a researcher views the social world as an external, concrete, objective reality then the method they employ may concentrate on the analysis of variables and empirical testing. They may seek to identify general laws and concepts that incrementally explain the reality of the social world. If the researcher takes the opposite view of the social world, that it is a subjective experience of individuals who create, mould and interpret reality, the emphasis will be on explaining what is typical to individuals rather than what is generalist and universal. This approach may lead to relative methods that could include introspection, biographic techniques and to lesser extreme case studies.

The debate in methodology is between ideographic and nomothetic theories of method and between these extremes a number of other methodological assumptions can be made. Debate in Social Constructionism, for example, depends on prior discussion with regard to ontology and epistemology, clearly if one makes assumptions about the nature of knowledge and reality these will impact on the type of knowledge one seeks to collect. In Social Constructionism discourse analysis, narrative analysis and deconstruction have tended to become the dominant methods (Parker, 1998). Changes in the debate with regard to ontology, however, will inevitably have an impact on methodology and method in the future. In 'entrepreneurship' methodological diversity and extensive variety in the use of methods has been the inevitable consequence of epistemological diversity although the scientific method has tended to dominate in some quarters (Low and MacMillan, 1988; Bygrave, 1989; Hofer and Bygrave, 1992). Extensive weaknesses in the subject of entrepreneurship with regard to methodology have been identified and include a

requirement: to use more longitudinal studies, to increase the depth of analysis, to utilise the triangulation of data sets and to use more grounded and exploratory empirical research (Bygrave, 1989; Smith, Gannon and Sapienza, 1989; Hofer and Bygrave, 1992). Such weaknesses in current methodological approach derive from two sources, first, from the conceptual and theoretical diversity derived from varying epistemological assumptions and, secondly, from the relative newness of contemporary study in the subject. It is evident, therefore, that a review drawing on a philosophical analysis of entrepreneurship can aid understanding regarding methodology in the subject. Appendix 6 identifies criteria that will be used to explore the methodological assumptions made in the entrepreneurship literature.

1. 3. Regulation - Radical Change Dimension

The second dimension proposed by Burrell and Morgan is about assumptions a researcher may make about the nature of society. They propose that such meta-sociological assumptions exist in all social scientific research. As such this dimension applies to all the social sciences including sociology, economics, history, anthropology and to some extent psychology. It is suggested by Burrell and Morgan that assumptions about the nature of society underlie the majority of the social sciences because the social sciences are concerned with human interaction within society. Many attempts to portray the differences between different 'schools of thought' about the nature of society have been developed in recent sociological history. Dawe (1970) suggested, for example, that sociological thought tended to reinforce particular philosophies of society, where the emphasis was placed on the functions and structure of society rather than on 'conflict', 'power' and 'change'. Dahrendorf (1959) identified that a sociology of order, on the one hand, assumed that every society is a relatively persistent stable structure, that every element of society has a useful function, that each function contributed to the maintenance of a system and operates through the consensus of its participants. Philosophies about the sociology of conflict, on the other hand, tend to suggest that deep-seated structural conflict;

modes of domination and structural contradiction exist within modern industrial society. Dahrendorf (1959) identified that the sociology of conflict assumed that society was continually subject to change, that every society displays social conflict, that every element of society contributes to change and that every society is based on the coercion of some of its members by others.

Similar criteria as those developed to assess assumptions about the nature of science in the entrepreneurship literature have been constructed here to assess assumptions about the nature of society. These are also reported in the appendices. In an attempt to provide a framework, using these criteria, an extensive literature search was undertaken. There were two types of sources necessary to construct this dimension; First, general books that examined the entire field of sociology (Cohen, 1968; Mitchell, 1968; Giddens, 1974; Brown and Brown, 1975; Finnigan, 1976; Bottomore and Nisbet, 1979; Burrell and Morgan, 1979), secondly, specific sources that examined 'Marxism', 'Conflict Theory' and their relationship to 'Functionalist Sociology' (Coser, 1956; Dahrendorf, 1959; Althusser, 1969; Dawe, 1970; Lúkacs, 1971; Habermas, 1974; Touraine, 1974; McLellan, 1976). From these various sources three areas of assumptions about the nature of society have been identified, these are assumptions about change, conflict and structure in society.

1. 3. 1. Assumptions about Change in Society

This meta-sociological dimension is concerned with the degree of change internally, within society, and externally, to society as a whole. It is about the extent to which a researcher views society as relatively stable or prone to turbulent and consistent change. This is an important element in the way a researcher views human behaviour because if society is considered to be constantly changing and adapting a researcher may be concerned with how individual and group behaviour facilitate these changes in society. If, however, a researcher views society as a stable structure they may be more concerned with how behaviour operates within this structure. Clearly, this is extremely important to an analysis of entrepreneurial behaviour, the first view of radical change may seek to explain how an 'entrepreneur' facilitates and exploits

change and the second view of little or no change may seek to explain what makes an entrepreneur different from other people. Social Constructionism can aid an understanding of change in entrepreneurship by providing a comprehensive deconstruction of how others, both researchers and practitioners, construct their perceptions of society with regard to its changing nature. For example, the concept of change within entrepreneurship is an important phenomenon, some theories of entrepreneurship, such as, Schumpeter's (1934) depend on a Marxist orientation with regard to the extent that society changes and adapts in radical continuous ways (MacDonald, 1971). In other conceptions of entrepreneurship, particularly trait theories and the theory of the firm, realist assumptions dominate and they tend to imply that change is peripheral to the subject (Barreto, 1989; Shaver and Scott, 1991). Metaphors about change, drawn principally from biology, are also extensively used to explain growth both at the organisational level and at the population level. For example, population ecology perspectives use selection, adaptation and mimetic isomorphism as metaphors of change in populations of new businesses (Hannan and Freeman, 1977; Caroll, 1983) and theories of growth at the organisational level use adaptation and metamorphic (morphogenic) metaphors to explain the process of business growth (Tushman, Newman and Romanelli, 1986; Kazanjian and Drazin, 1990).

Further understanding about assumptions made by researchers with regard to change in and to society will thus inform entrepreneurship research and help explain some of the diversity in the subject. Appendix 7 highlights the criteria that will be used to assess the underlying assumptions of the entrepreneurship literature in relation to the way researchers understand change.

1. 3. 2. Assumptions about the Structure of Society

This dimension is concerned with the types of assumptions a researcher may make about the degree of integration that exists between structural elements of society. It is the extent to which an approach views the institutions of society, its culture, religion and political structures as compatible with each other and with the different groups and individuals that exist in a society and it is also

concerned with the nature of change in each structural element. Assumptions of this nature have extremely important influences on a researcher's approach to the study of entrepreneurship. If the structures of society are perceived to be compatible with all groups in society it is less likely a researcher will question whether these structures and institutions inhibit or facilitate 'entrepreneurship'. On the other hand, if a researcher views these structures as constantly in competition with each other and in a constant state of flux they may be more concerned to identify what combination of structures support the development of 'entrepreneurial behaviour' or even if individual and groups of 'entrepreneurs' create structural flux through innovation. Clearly, any assumption about the state of integration or disintegration in and to the structures of society may have important implications for the type of research undertaken. For example, theories of entrepreneurship depending on the concept of opportunity recognition (Kirzner, 1973; 1980; 1982; 1990) depend on conceptions of structural flux whereby a disequilibrium in supply and demand can aid 'pure' profit making by 'entrepreneurs'. Other researchers, such as Shackle (1955; 1972; 1979) have suggested that structures are socially constructed (aided by imagination) because an individual has finite knowledge about their circumstances and must construct their perceptions of 'society' (or circumstances) on limited information. Further examples of differing assumptions in entrepreneurship can be found in trait theory where a society's structure (for example, legal system) plays little part in the ability of an entrepreneur which is thought to depend on their innate ability (Gartner, 1989).

Further understanding regarding these assumptions about society and its structure will be drawn out of the literature during this thesis using Burrell's and Morgan's conceptual framework and the criteria that will be used to assess the underlying assumptions can be found in Appendix 8.

1. 3. 3. Assumptions Concerning the Degree of Conflict in Society.

Assumptions about the nature and extent of conflict in society are concerned with the degree of discord that exists between different groups in society. It is the extent to which a researcher assumes that dissensus or

consensus exists in the values and expectations of the members of society. This is an important consideration for an analysis into entrepreneurship because this assumption will influence the way a researcher views the 'entrepreneur'. If an assumption is made that suggests different groups in society are in conflict with each other an analysis of the 'entrepreneur' may seek to identify how the 'entrepreneur' exploits this dissensus for their own profit. If an assumption is made, however, that all groups in society operate in consensus with each other an analysis of the entrepreneur may seek to explain how they use this consensus, for example, through the development of networks.

The place of concepts, such as, 'conflict' and 'power' in Social Constructionism have been discussed in some detail by Willig (1998). She points out that extreme relativist views as understood in Social Constructionism cannot be used convincingly to argue against particular political positions because they are not a substitute for political analysis (Eagleton, 1990). In other words, such concepts can be usefully deconstructed by discourse analysis but the more active forms of radical sociology, as represented by conflict, require moral and ethical choices leading to political actions. As a consequence, Social Constructionism can inform debate through the deconstruction of the *status quo* but cannot be considered a radical form of academic study because all forms of human representations and constructions have equal validity. It does not, therefore, preclude from its analysis certain constructions of racism, for example, that are considered to be morally unacceptable or pre-empt a moral judgement about those constructions. In this sense, Social Constructionism can aid understanding about conflict between groups through the deconstruction of each groups social understanding. Using such an approach in entrepreneurship would aid further understanding with regard to the political dimension of entrepreneurial behaviour within contemporary Western society by illustrating the social constructions of different groups in society.

Assumptions about the nature of conflict within society have previously informed and influenced study in entrepreneurship but these assumptions have rarely been made clear. For example, Scase and Goffee (1982) use the concept

of class to explain the nature of the 'entrepreneurial middle class' in capitalist societies using the concept to evaluate differences and conflict between social groups. Scase's and Goffee's (1980) social marginality theory and Shapero's (1971; 1975) displacement theory also apply assumptions about conflict to explain that some 'entrepreneurs' (especially migrants) start businesses because they cannot enter into the normal and acceptable modes of employment in a society. Other examples, where assumptions of consensus between groups in society have been applied are widely available in the subject of entrepreneurship. For example, the uncritical assumption that creative destruction is always a positive force in society (Schumpeter, 1934) without recognition of the negative aspects of destruction on different groups in society. Another example of implied consensus in entrepreneurship is the use of a Western assumption that growth is a positive force (as represented by measures of GDP) and desirable in all business enterprises without regard for the environmental consequences of growth or the motivations of business owners who do not desire business growth (Churchill and Lewis, 1983; Scott and Bruce, 1987; Hansen and Bird, 1999). Assumptions with regard to conflict and consensus in society, therefore, can be found throughout the entrepreneurship literature. Appendix 9 highlights some of the possible assumptions that may be made and the criteria illustrated will be used to assess and explore the entrepreneurship literature. A Social Constructionist critique will thus help to draw out some of the underlying disagreements in the subject that currently exist in a relatively implicit fashion.

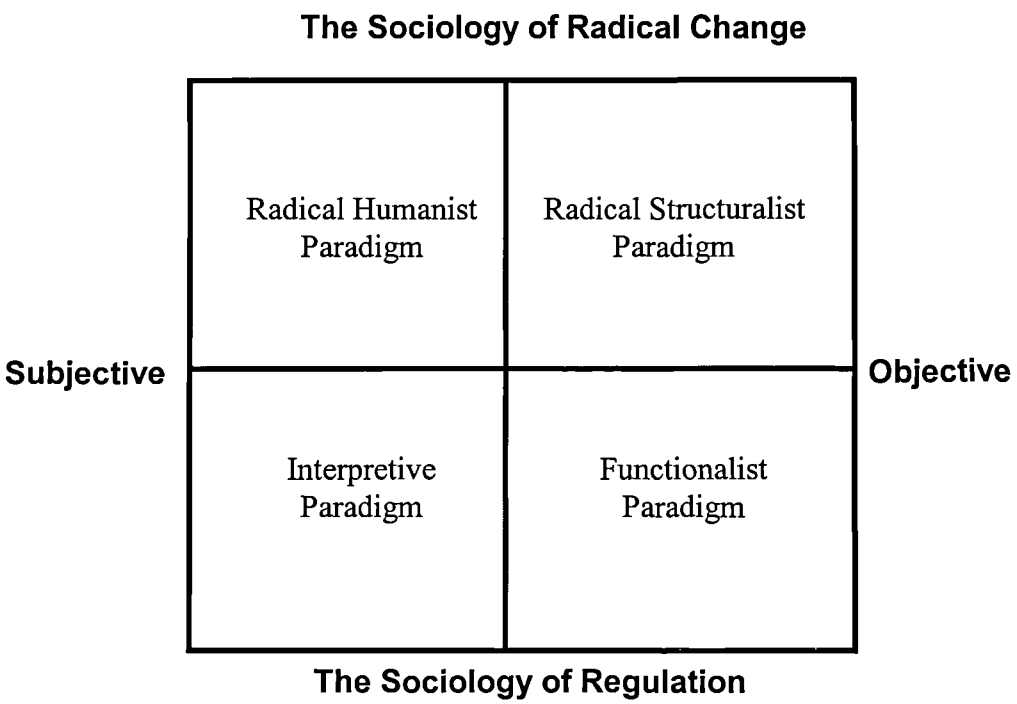
1. 4. The Conceptual Framework

Burrell and Morgan (1979) constructed the two dimensions, the subjective-objective dimension and the radical change-regulation dimension, as a matrix representing four paradigms. The paradigms are presented in figure 1.1. Although there are limitations, that will be discussed shortly, the paradigms and criteria constructed in the appendices have been used to help analyse the entrepreneurship literature. Such an approach has enabled the deconstruction of

the subject and enabled this thesis to provide a philosophical critique based on the principles of Social Constructionism.

Burrell and Morgan suggested that each of the paradigms shared common features with the paradigms on the horizontal and vertical axes in terms of one or two dimensions but are different on the other dimensions. In their view the paradigms are *"contiguous but separate" (Burrell and Morgan, 1979, p. 22).* In this sense the paradigms were originally considered to be incommensurable. By contiguous they mean they have shared characteristics and by separate they mean there is sufficient differentiation for them to be considered as four distinct entities.

Figure 1. 1.
Four Paradigms of Social Scientific Research



Adapted from; *Burrell and Morgan, 1979, p. 22*

When using the word 'paradigm' Burrell and Morgan (1979, p. 23) defined it as referring to approaches grounded in fundamentally different meta-theoretical assumptions that are used to construct the frame of reference, mode of theorising and method of investigating of the theorists who operate within

them. As such a paradigm reflects a general perspective or beliefs and assumptions about the topic under investigation.

Theorists using the interpretive paradigm adopt an approach relevant to the views identified by the sociology of regulation with an emphasis on subjective assumptions to knowledge. It is based on the view that researchers should understand the world as it is and pursue an explanation of that world from the realm of the individual or individual consciousness. The goal of theory in the interpretive paradigm is to develop descriptions, insights and explanations of the system of meaning behind social behaviour. The interpretative researcher is concerned with data that are relevant to the specific subjects under investigation and attempts to maintain the uniqueness of the information.

Theorists using the radical humanist paradigm adopt an approach that is concurrent with the sociology of radical change and theorise from a subjectivist standpoint. While this paradigm takes a similar emphasis to the interpretive paradigm there is a significant difference in its critical stance. The goal of theory is more prescriptive than the interpretive paradigm. It is designed to free people from the forces of domination, alienation and exploitation by identifying and changing the structure and principles of society. Critical theorists concentrate on two levels of analysis, a critical analysis of what exists and critical identification of the structures that support what exists. The basic notion of this paradigm is that individuals are dominated by ideological structures that create consciousness and prevent 'true' human fulfilment.

Theorists using the radical structuralist paradigm advocate a sociology of radical change using realist assumptions. It is related to the radical humanist paradigm because of their shared emphasis on change and dramatic transformation of the system. It is different, however, because it places less emphasis on the consciousness of individuals and more emphasis on the critique of structural relationships in the real world. This approach emphasises the view that radical change is built into the very nature of society with various theorists concentrating on different social forces as the context of social formation.

Theorists using the functionalist paradigm, which Burrell and Morgan describe as the common orthodoxy in social science, are concerned with the

sociology of regulation from a realist assumption about reality. The functionalist paradigm pursues an explanation of the relationships that lead to universal principles. It carries an emphasis towards the maintenance of the existing system from a deterministic standpoint and theorises that human behaviour is adaptable to the system rather than theorising that the system is adaptable to human behaviour. Theories are achieved through continuous incremental improvements and research is often undertaken in a deductive manner, reviewing literature, creating a hypothesis from specific variables and testing that hypothesis.

In their article *'Multi-paradigm Perspectives on Theory Building'* Gioia and Pitre (1990) summarise the theory building approaches of each of the four paradigms. This is presented in Table 1. 1.

Table 1. 1.
Paradigm Differences Affecting Theory Building

Interpretivist Paradigm	Radical Humanist Paradigm	Radical Structuralist Paradigm	Functionalist Paradigm
Goals To describe and explain in order to diagnose and understand	**Goals** To describe and critique in order to change (achieve freedom through revision of consciousness)	**Goals** To identify sources of domination and prescription in order to guide revolutionary practices. (Achieve freedom through revision of structures)	**Goals** To search for regularities and test in order to predict and control.
Theoretical Concerns Social construction of reality Reification Process Interpretation	**Theoretical Concerns** Social construction of reality Distortion Interests served	**Theoretical Concerns** Domination Alienation Macro Forces Emancipation	**Theoretical Concerns** Relationships Causation Generalisation
Theory-Building Approaches Discovery through code analysis	**Theory-Building Approaches** Disclosure through critical analysis	**Theory-Building Approaches** Liberation through structural analysis	**Theory-Building Approaches** Refinement through causal analysis

Constructed from; *Gioia and Pitre, 1990, p.591*

This analysis of the conceptual framework provides a unique tool to help review the literature on entrepreneurship from a Social Constructionist standpoint. Before starting the analysis to be conducted in the literature review,

however, there are a number of limitations of these paradigms and these will be discussed in the following part of the chapter.

1. 5. Limitations of the Paradigm Approach

1. 5. 1. Paradigm Permeability and Incommensurability

The issue of permeability between the paradigms, on the one hand, or incommensurability, on the other hand, remains a controversial issue. It has received considerable debate in the field of organisational analysis and there are significant contributions from defenders of incommensurability (Jackson and Carter, 1991; Parker and McHugh, 1991; Jackson and Carter, 1993) and those who advocate permeability (Hassard, 1988; Gioia and Pitre, 1990; Holland, 1990; Willmott, 1993). Gioia's and Pitre's article directly addresses the issue of the permeability of the paradigms' boundaries or the extent to which ideas and concepts can flow and influence other paradigms. They suggest that multi-paradigm research offers the potential for creating new insights because a phenomenon can be analysed from markedly different perspectives and yet at the same time the *'fundamental incommensurability of the paradigms often leads to fragmentation and provincialism' (Gioia and Pitre, 1990, p.584)* within a subject. They argue that while the paradigms are clearly at odds they do offer a degree of permeability around the boundaries that they describe as transition zones. The problem of paradigm incommensurability is also discussed extensively by Willmott (1993). Willmott disagrees with Jackson's and Carter's (1991) position on incommensurability, he draws on Kuhn's original argument (1963) and points out that:

> *"New paradigms do not parachute in from the skies. Rather, they arise out of processes of social and intellectual struggle, often promoted by political and technological developments and contradictions within the wider structure of social relations, contradictions that stimulate critical reflection upon the plausibility of the assumptions underpinning established paradigms of knowledge." Willmott, 1993, p. 688.*

It is evident in Willmott's view that some communication between paradigms is inevitable because the process of theory development is dynamic. Theory development, in his view, is a social developmental process that cannot

be disjointed from its social and historical context. In this sense new paradigms of knowledge emerge from and coexist with old and, to some extent, it is the interaction between paradigms that helps construct new knowledge. Willmot's point is important when understanding debate with regard to paradigms of social science research. Drawing on debate in Social Constructionism, with regard to the nature of knowledge construction (Parker, 1998; Nightingale and Cromby, 1999), it is evident that this debate is somewhat of a non-starter in the sense that the paradigms and continua constructed by Burrell and Morgan are themselves social constructions. They are useful because they can be used as a heuristic tool to explore the underlying meaning of theory but 'exist' only in the sense that they describe current social science research activity. Even as descriptions of underlying philosophical assumptions they are less than perfect depending on dualism (Willig, 1999), as represented by the use of continuums, which tends to be an over-simplification of the debates (particularly with regard to human behaviour). The paradigms also, potentially erroneously, assume a form of hierarchical linkage between various forms of philosophical discussion. In other words, debate with regard to the incommensurability and permeability of the paradigms tends to assume a realist ontology by representing the paradigms as something other than an artificial construct developed to organise and simplify a range of complex philosophical debates.

From a Social Constructionist standpoint it is evident that both permeability and incommensurability occur simultaneously. On the one hand, permeability occurs because the research paradigms represent a social process where communication between research groups, however sporadically, does happen. This is despite the fact that relativity of knowledge between groups may mean that equality in meaning may not occur, for example, the term 'trait' will mean a different thing to a personality theorist than it will to a social constructionist. The simple fact of communication, however, will have some impact even if the impact is uncontrollable and unforeseeable (Burkitt, 1999). On the other hand, incommensurability occurs because researchers must make philosophical assumptions about the nature of social science and society, or

apply them implicitly. The simple act of making such assumptions excludes alternatives, although all choices appear to lead to different forms of understanding, groups of researchers making one set of assumptions are likely to build theories that are incompatible with researchers making alternative philosophical assumptions. Whether such incommensurability occurs between the Interpretive and Functionalist paradigms as is suggested by Jackson and Carter (1991) is certainly a moot point but the concept of incommensurability as it relates to choices about meta-theoretical frameworks does have some value.

1. 5. 2. Individuals Undertaking Research in more than one Paradigm

The issue of permeability is directly related to the question; can individuals conduct research in more than one paradigm? If the paradigms are perceived to be significantly permeable then it is not unreasonable to rationalise that an individual investigation can operate within two or more paradigms. In the article *'Multiple Paradigms and Organizational Analysis: A case study'* John Hassard (1991) undertakes such an approach.

Studying the work behaviour of the British Fire Service, Hassard uses the paradigms to develop a research methodology that draws from the different paradigms. Hassard's approach sought to create a new methodology for social science by using a multiple paradigm methodology. His work involved generating a range of empirical data sets using Burrell's and Morgan's paradigms and he states:

> *"An understanding of the meta-theoretical principles of the Burrell and Morgan model enabled the researcher to become familiar with the four paradigm cultures. The approach to paradigm assimilation was one whereby specific social philosophies were accepted as the basis for immersion into the literature and methods of a theory community." Hassard, 1991, p. 278.*

Parker and McHugh (1991), undertaking a critical analysis of Hassard's article, point out that Hassard has not taken on the residual beliefs of each paradigm but his results reflect the outcome of different methodological approaches. The critique suggests that while the paradigms may have a degree of permeability, based on the fact they represent a social developmental process, it is not possible for an individual to move from one group of residual beliefs

represented by a paradigm to another group of residual beliefs. This is occurs because they are political and theoretical alternatives and stand in stark contradiction to each other. What Hassard has in effect argued for is the alteration of methodological approaches from different paradigms to his particular epistemological stance (Parker and McHugh, 1991). This in itself may be a useful contribution to methodology but cannot claim to represent a multi-paradigm approach.

This discussion demonstrates that an individual cannot pick and choose paradigms as if they are different spectacles through which one can see the same phenomenon in a different way. Essentially one is bound to a position in the paradigms that occur as a consequence of prior choice influenced by a life time of influence from sources that include the family, society, academic institutions and all other aspects of our lives that have had some influence on our views. This is not to say that one can not alter, develop or reject these views only that their influence has affected our construction of the reality in which we live and our values with regard to the nature of knowledge, human behaviour and society.

1. 5. 3. Social Constructionism and Paradigm Duality

A characteristic feature of Social Constructionism, in social psychology, is the importance it places on the centrality of language (Gergen 1973; 1982; 1985). The centrality of language, however, is considered to dissolve many common dichotomies in psychology (internal/external, subjective/objective, relative/real), dichotomies on which Burrell's and Morgan's work has been based (Pujol and Montenegro, 1999). Instead of an individual or macro-social phenomenon the production of meaning becomes a shared activity among social actors, where researchers themselves constitute an important element in the creation of meaning (Harré, 1993). In this sense dichotomies created to help understand debates, such as, those in Burrell's and Morgan's framework are themselves social constructions used to categorise, explain and simplify complex issues and debates. As a consequence, while they will be used to help

structure, understand and deconstruct the subject of entrepreneurship they cannot be seen to exist as anything other than mental devices that can enable analysis. In this sense, the approach undertaken has been used to aid the deconstruction of entrepreneurship as a subject and to illustrate where differences in underlying philosophy and meaning exist creating diversity in understanding.

1. 6. Conclusion

This chapter has re-constructed, adapted and analysed the paradigms presented in Burrell's and Morgan's (1979) original thesis '*Sociological Paradigms and Organizational Analysis'*. Mapping criteria have been constructed for the two dimensions of Burrell's and Morgan's sociological paradigms (presented in the appendices). This has been designed to enable a review of the entrepreneurship literature.

The purpose of using these paradigms is to facilitate a deconstruction of theories about entrepreneurial behaviour using a Social Constructionist perspective. This chapter has established that such an approach will help understanding by showing where researchers are investigating different phenomena and where they are using different philosophical frames of reference. It has been suggested that different underlying assumptions have led ultimately to the construction of different forms of knowledge in entrepreneurship and further awareness of these differences will benefit the subject. This thesis thus begins the task set out by Oliga (1991) when he suggests that the subject of entrepreneurship needs a better understanding of its implicit ontological, epistemological, axiological and methodological presuppositions. The following section of the thesis provides this by deconstructing the entrepreneurship literature using the criteria established in this chapter.

Section Two
Literature Review

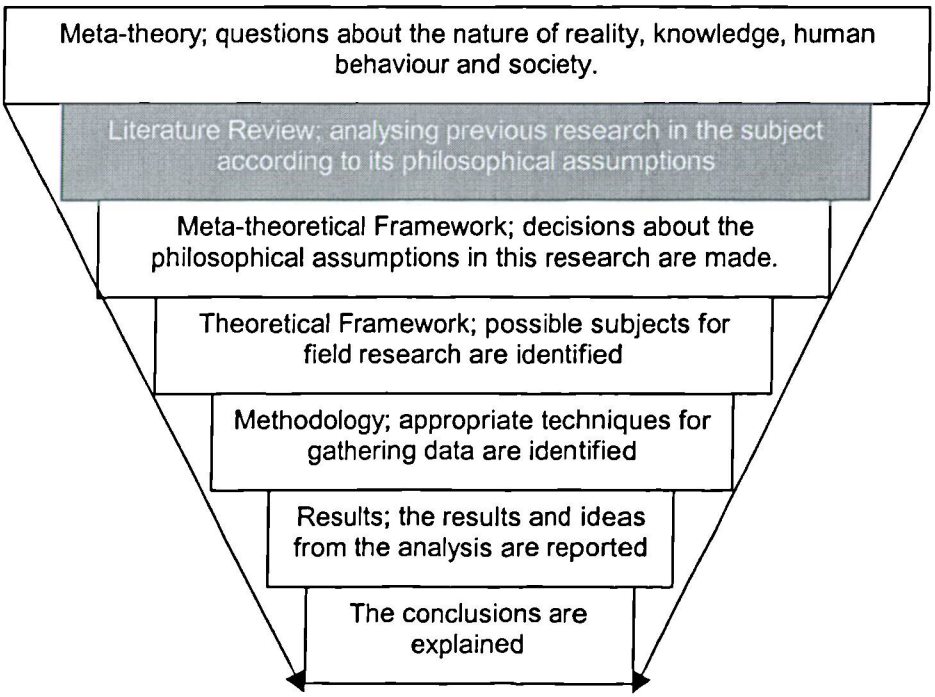
Synopsis:

This section reviews the literature in the field of entrepreneurship against the four sociological paradigms constructed in section one. A distinction is made between the different academic traditions analysing entrepreneurship and the major approaches contributing to the understanding of individual entrepreneurial behaviour are reviewed and analysed. This approach has identified a number of weaknesses in the theoretical orientation of the field and has highlighted a number of new avenues of future research.

Aims:

1. *To undertake a critical review of previous entrepreneurship literature, concentrating on the individual, according to Burrell's and Morgan's (1979) paradigms.*
2. *To identify weaknesses in the theoretical orientation of the field.*
3. *To highlight possible future topics for investigation.*

The Structure of the Thesis



Chapter Two

Economic Perspectives

2. 1. Introduction

This chapter will review and analyse the economic approaches to entrepreneurship drawing from the major theories their underlying philosophical assumptions, as explained in Chapter One. Previous approaches have reviewed the economic perspectives using three different types of categorisation. Some researchers have categorised the field by chronological order highlighting the individual perspectives of different economists (Hébert and Link, 1988; Binks and Vale, 1990; Lydall, 1992). For example, starting with Cantillon (1931), discussing Knight (1921) and Schumpeter (1963) and concluding with contemporary theories. Other researchers have grouped the approaches into 'schools of thought', depending on their point in time and the emphasis of study (Ricketts, 1987; Chell, Haworth and Brearley, 1991). For example 'The French Classical School', 'The Neo-Austrian School' and the 'The American School'. A third method has been to categorise the field according to the function that the economist ascribed to the entrepreneur (Barreto, 1989). For example, the entrepreneur has been cast in the different functions of capitalist, manager, owner, co-ordinator, arbitrageur, innovator and uncertainty bearer. The approach used in this section introduces a fourth way, the main purpose will be to illustrate the underlying assumptions made by economic theorists when studying entrepreneurship.

2. 2. The Contribution of Economic Theories

Economic perspectives contribute significantly to the field of entrepreneurship and provide a framework on which psychological approaches have been founded. Economists seek to explain the importance (or not) of the 'entrepreneur' and the 'function of entrepreneurship' within the economic system. The vast majority of economic perspectives have this underlying

'functionalism' in common. There are, however, complex underlying philosophical assumptions about the nature of 'entrepreneurship' in these approaches, whether it exists in a dynamic, static or turbulent economic system and concerning the role that it plays in such a system. There are also major differences concerning the nature of 'human beings', between rational action and uncertain action. There are major theoretical and practical differences that concern the nature of the scientific enterprise, subjectivity or objectivity on the one hand, and abstract theorisation or practical description, on the other hand. This convolution provides a complex picture of entrepreneurship that emerges with paradoxical interpretations, incommensurate models and illogical attempts at synthesis. In response the following analysis will demonstrate that within the field of 'entrepreneurship' there are three different groups of assumptions underlying economic.

2. 3. Classical and Neo-classical Approaches

The 'function' of ownership and the co-ordination of business enterprises in the economy have permeated many classical and neo-classical theories. Economists during the 18th and 19th centuries concentrated on four major functions of 'entrepreneurship' that were; capitalist, manager, owner and co-ordinator. Sometimes all these functions were accorded the title of entrepreneur together and at other times they were used separately.

2. 3. 1. The French Classical School

François Quesnay (1888) was the leader of the first school of economic thought (Hébert and Link, 1988). Advocates of this school of thought were called 'Physiocrats' and a review of their ideas based on Say's (1880) critique has been undertaken. From this review it was evident that the Physiocrats viewed the function of 'entrepreneurship' as the management and co-ordination of businesses. Quesnay also developed the first mathematical general equilibrium system the *Tableau Économique* that indicated a philosophical orientation towards positivist epistemology (Say, 1880, p. xxxiv). Say

suggested that Quesnay's underlying philosophy directed him to abstract empirical reasoning that led him to construct models that were inconsistent with observations of what was actually happening (Say, 1880, p. xxxvi).

Turgot (1977) was the first economist to make a distinction between the ownership of capital and entrepreneurship as different functions in business (Tuttle, 1927a). Turgot's philosophy of science was not borrowed from the Physiocrats, although he wrote during the same period, but derived from observations of the actual situation (Say, 1880, p. xxxvi). In this regard this review was able to identify that his philosophy of science, while still in the functionalist paradigm, was more holistic than that of the Physiocrats.

Say (1880) was the first Professor of Economics in Europe and he had also managed his own business (Binks and Vale, 1990). Possibly as a result of his own experience Say (1880) made the entrepreneur the pivot on which his economic system turned. The philosophical assumptions underlying Say's concepts have been drawn from two pieces of his work; *'A Catechism of Political Economy'* and *'A Treatise on Political Economy'*. The vast majority of information concerning Say's philosophy of science and society can be found in the introduction of his 'Treatise' where he talks at great length about the construction of political economy as a science.

Say's theory of production and distribution was constructed on three major agents of production; human industry, capital (in which he included both 'physical capital' in the form of machines, tools and other implements and 'money capital') and land (in which he included other natural resources). Say recognised that both land and capital were indispensable to production, he however, placed the 'key' to production with human industry (Barreto, 1989). Say then proceeded to make a tri-partite division of human industry into; *"effort, knowledge and the "applications" of the entrepreneur" (Koolman, 1971, p. 271).*

These functions were analytical categories and Say did recognise that all three functions could be combined in one person. The entrepreneur as viewed by Say was the co-ordinator of the system, acting as an intermediary between all

the other agents of production and involving uncertainty and risk (Koolman 1971). The profit the entrepreneur gained was the reward for the risk undertaken. Successful entrepreneurship needed significant qualities. The most important was judgement, or the ability to assess the needs of the market and understand how these needs could be met. An entrepreneur needed a market sense or the product they produced, at great expense, would be valueless in the market (Koolman, 1971).

Say's philosophical assumptions underlying his theories of entrepreneurship are quite explicit. First, and in his initial statement in the *'Treatise'*, Say suggests that;

> *"A science only advances with certainty, when the plan of inquiry and the object of our researches have been clearly defined; otherwise a small number of truths are loosely laid hold of, without their connexion being perceived, and numerous errors, without being enabled to detect their fallacy" Say, 1880, p. xv.*

This point puts Say's philosophy of science in the functionalist paradigm of social scientific research. In this statement Say makes assumptions about the social scientific enterprise, that it continually advances, that knowledge becomes increasingly 'correct' and that one can construct unified definitions of phenomena. The following evidence suggests, however, that it cannot be described as 'positivist' in the same sense as that of the Physiocrats. Say makes a distinction between 'general facts' and 'particular facts'. General facts are *"..the nature of things in all analogous cases" (Say, 1880, p. xviii)* and particular facts *"..are the result of several operations modified by each other in a particular case"(Say, 1880, p. xviii).* Thus Say recognises actual situations can be different from the underlying principles that operate on them. But at the same time he advocates, that knowledge of particular facts without an understanding of the general principles that operate on them is not 'knowledge'. Say seeks general principles and laws but does not take a completely mechanistic view of the social world, he highlights an organic view of the social world, where knowledge is created through an examination of all the general facts and how they relate to each other in an over-all system. Say's

epistemological stance views knowledge as the understanding and observation of the 'facts' which surround us. This 'organic-system' philosophy is concerned with observing the social world as it exists and explaining the principles on which it operates.

2. 3. 2. The British Classical School

As a 'School of Thought' the British Classical School is used to refer to work of early Scottish, English and Welsh political economists, from Adam Smith's (1904) classic, *The Wealth of Nations* to John Stuart Mill's (1965), *Principles of Political Economy.* The British Classical School of Economics includes a number of eminent writers who contributed extremely important ideas and concepts to the field of economics particularly in the area of macro-economics. These theorists included such notable people as; Adam Smith (1723 - 1790), David Ricardo (1772 - 1823), Jeremy Bentham (1748 - 1832) and John Stuart Mill (1806 - 1873).

It is widely noted, however, that the contribution of these theorists to the idea of entrepreneurship was extremely limited and to some extent the power of the theories they did progress had a negative effect on the entrepreneurial concept (Ricketts, 1987; Chell et al., 1991). Although several of the 'School' would have been familiar with the term 'entrepreneur', particularly Ricardo (1962) who corresponded with Say regularly, they never used it. Even though there were English equivalents for the term, for example; 'adventurer', 'projector' and 'undertaker', (Hébert and Link, 1988) it was never used as an analytical category or a function in their conceptions of the economic system.

A number of reasons have been put forward for this inability to make a distinction between the functions of the capitalist (as the provider of capital) and the entrepreneur (as the recipient of capital and as the owner and manager of a business). First, Say suggested that there was no direct parallel for the French word 'entrepreneur' in English, although the term 'undertaker' was used it did not have exactly the same meaning. Secondly, it has been suggested that the

law between England and France was different. In France there was a clear distinction between the ownership of capital or land and the ownership of property and business. Whereas in England a capitalist was not only a creditor, receiving interest on their capital, but an active partner, sharing in the gains and losses of a business (Tuttle 1927a). Thirdly, it has been suggested that the two groups of theorists used different conceptual apparatus. French political economy, particularly Say, sought to use a microscopic analysis of firms and businesses looking for micro-economic connections, while British political economy sought a telescopic analysis of national economies looking for macro-economic connections (Koolman 1971). Any of these reasons or all of them could explain why British political economy was unable to make a distinction between the functions of entrepreneur and capitalist. Whatever the actual reasons there is a clear difference between the French and British classical economists on this issue. A difference that has filtered through the following decades and effected a great deal of contemporary economic theory in the guise of micro-economics.

2. 3. 3. Microeconomics and the Neo-classical School of Thought

The term 'microeconomics' refers to theorists who were concerned with explaining the economic system from the level of the firm. The term 'neo-classical' refers to theorists that have sought to explain the economic system by constructing theories based on equilibrium. For example, theories of supply and demand, where a change in demand creates an equal and opposite change in supply which returns the economic system to equilibrium. This 'School of Thought' includes many economists who use neo-classical approaches to explain how the production and consumption system operates. Notable theorists which have contributed to the concept of entrepreneurship within this school of thought include; Leon Walras (1954), Alfred Marshall (1890), John Bates Clark (1888), Maurice Dobb (1925) and Charles Tuttle (1927b) (Barreto, 1989).

Contemporary microeconomics, however, has been widely criticised for its neglect of the entrepreneurial function (Kirzner, 1980; Barreto, 1989). A

significant examination of the contribution of the above theorists to the concept of entrepreneurship and an explanation of the disappearance of the entrepreneurial concept from the theory of the firm is provided in Barreto's (1989) book, *'The Entrepreneur in Microeconomic Theory: Disappearance and Explanation'*. This analysis will use Barreto's conclusions to examine the underlying philosophies of contemporary microeconomics.

Barreto's work collected evidence to demonstrate that the entrepreneurial concepts in microeconomics included many of the functions (co-ordinator, arbitrageur, owner uncertainty-bearer, innovator and manager) that existed in other economic theories. He suggested that the entrepreneurial concept, in all its different forms, remained an important factor in early microeconomics' explication of the market system. He also demonstrated that during the third stage of neo-classical economics (1930's onwards) the concept disappeared, although the word continued to be used it lacked any functional or conceptual power.

Barreto then offered three levels of explanation for this disappearance. First, an 'eye witnesses' account, which observed that the decline of the entrepreneurial concept coincided with the rise of the theory of the firm. Secondly, 'a rationale' which suggested that the theory of the firm contained three fundamental assumptions (the production function, rational choice and perfect information) that prevented the introduction of the entrepreneurial concept in any form. Finally, 'the motivation' which suggested that the desire for consistency in the theoretical structure of the theory of the firm rested on a mechanistic philosophy of the real world. This summary of Barreto's work leads this analysis to some significant considerations. Is the conclusion that Barreto makes valid? Has a mechanistic philosophy of the real world and a desire to maintain a consistent theoretical framework facilitated the removal of the entrepreneurial concept from the theory of the firm? If this is the case how does this philosophy compare to the philosophies underlying other entrepreneurial theories?

According to Barreto the theory of the firm is constructed on three assumptions, the production function, rational choice and perfect information. The production function describes the number of outputs (for example products) that can be generated from a combination of inputs (for example capital, labour and raw materials) in any given case. It is a mathematical prediction about how many outputs firms are able to create given a set number of inputs. These inputs include all possible factors including both tangible elements such as raw materials and intangible elements such as labour. The use of the production function in the theory of the firm assumes that firms are able to calculate future production from their current inputs. From these calculations firms are able to optimise profit. This is because they can calculate what their revenue is (from the price), minus their costs per individual unit and then multiply that by their expected output.

The production function does make the assumption that a firm is able to calculate all inputs, for example, the quality of decision making and assumes that the social world is 'unchanging'. In other words, that there will be no changes in the environment that affect, alter or dislodge the firm's inputs, for example, a shortage of labour, a strike, new taxes and so on. Thus the production function rests on an equilibrium philosophy of the social world, it assumes that all factors (in the firm and in the firm's environment) are predictable, that nothing is uncertain.

The concept of rational choice assumes that firms rationally pursue their objectives that are considered to be cost minimisation and profit maximisation (Barreto, 1989). There are many fundamental assumptions that exist in this core concept of microeconomics. By directing their analysis towards the 'firm' microeconomists assume the firm represents concrete 'reality'. In other words, something that exists irrespective of the humans who work within it. In this sense the firm is able to make 'rational choices' because it is an entity in itself and because it does not suffer from the fallibility of human error. The core philosophy reduces a human organisation to something that always operates

mechanically and never chooses the 'wrong' option. The 'right' option is always to improve profit and reduce costs irrespective of any human outcomes.

The concept of perfect information is the third core assumption of contemporary microeconomics that concerns this analysis. The idea of perfect information or perfect knowledge is that 'firms' are completely aware of all the considerations affecting a particular decision and are never in ignorance of any factor pertinent to that decision. The firm is not only aware of present considerations but also aware of future considerations. Everything is known either 'deterministically' or 'probabilistically'; there is no such thing as the complete unknown (Barreto 1989).

An assumption of this nature rests on a philosophy of the social world that ignores any idea of conflict, uncertainty or change. This is because perfect information assumes that the environment outside the firm is calculable. It also assumes that any future event can be predicted. It thus accepts that the social world exists as a tangible reality. All human activities can be reduced to probable outcomes and it is possible to calculate the probability that these outcomes may occur.

From these assumptions it is possible to reconstruct the philosophies that underlie contemporary microeconomics. It is also possible to explain why any interpretation of entrepreneurship, even the most basic, is logically inconsistent with the theory of the firm. First, these assumptions draw microeconomics towards an extremely determinist, realist, positivist and mechanistic view of the social world. Secondly, the assumptions of the production function, rational choice and perfect information draw microeconomics to an ordered, non-conflictual, structured view of society. These philosophies prevent any conceptual use of 'entrepreneurship' in the theory of the firm, which explains why the word itself is now used by microeconomists to represent a powerless figurehead in a rational machine (Barreto, 1989).

To conclude this analysis Table 2.1. summarises the similarities and differences in the philosophies of the theorists in this Classical and Neo-classical 'School of Thought'.

Table 2.1.

The Philosophies Underlying Classical and Neo-classical Economic Theories

Category		
Ontology	Human reality has a degree of subjectivity and observations of the external world can be interpreted by the observer. (Say, Smith)	The firm exists as an objective phenomenon. (Quesnay, Ricardo, Theory of Firm)
Epistemology	'Organic- System' Philosophy (Say, Smith, Turgot)	'Positivist-Mechanistic' Philosophy (Quesnay, Ricardo, Theory of the Firm)
Human Behaviour	"Man" as an adapter (Say, Smith)	"Man" as a responder (Turgot, Quesnay, Ricardo, Theory of the Firm)
The Nature of Society	Equilibrium - Order philosophy of society (All theorists)	
Perception of Entrepreneurship	Co-ordinator of the means of production (Say)	Head of a firm (Theory of the Firm)

2. 4. Uncertainty, Opportunity and Neo-Austrian Approaches

In contrast to Classical and Neo-classical economists who used functions of entrepreneurship that minimised the importance of uncertainty and opportunity in human relationships. Research had concentrated on the 'present', the influence of change was neglected and uncertainty about the future was ignored. The economists in this category, however, address these issues. Neo-Austrian economists examine the nature of risk and uncertainty and how they impinge on the function of entrepreneurship. Although there is still disagreement over the nature of the entrepreneurial function an emphasis on the inability of an individual to 'know' the future is maintained.

There are two different categories of approach. First, approaches that concentrate on uncertainty and secondly, approaches that concentrate on opportunity.

2. 4. 1. Uncertainty

Theorists who concentrate on uncertainty also emphasise different functions when they discuss entrepreneurship. The key difference is their emphasis on the entrepreneur as the bearer of uncertainty. They accept that 'entrepreneurship' is primarily concerned with economic actors that operate in an uncertain environment and suggest that the entrepreneur is the principle interpreter of uncertain economic conditions. In this category the entrepreneur has been viewed as, a speculator, an owner and a decision-maker.

There are several major theorists who are in this category, including, Richard Cantillon (1931), Hawley (1907), Knight (1921), Shackle (1955) and Casson (1993). This review will examine the work of Cantillon, Knight and Shackle in detail.

Cantillon was the first to use the term 'entrepreneurship' in an economic context (Hébert and Link, 1988; Binks and Vale, 1990). Cantillon's work has often been categorised under the 'French Classical School of Thought'. The rationale is that his conception contributed to the French economist's distinction between capitalist and entrepreneur. On closer analysis Cantillon's conception of entrepreneurship and his philosophies of society are somewhat different from the other theorists in the French Classical School. The following analysis has been drawn primarily from Cantillon's *Essai*, however, other work has also been used, notably, Higgs (1931); Jevons (1931); Schumpeter (1963); and Binks and Vale (1990).

In Cantillon's economic system entrepreneurs constituted one of three classes the other two were landowners and hirelings. Landowners were financially independent and were often the aristocracy. Hirelings and entrepreneurs were financially dependent on other people. 'Entrepreneurs' were individuals who;

"..set up with a capital to conduct their enterprise, or are undertakers of their own labour without capital, and they may be regarded as living of uncertainty[1]." Cantillon, 1931, p. 55

While hirelings were people who worked for fixed incomes (people employed by entrepreneurs and landowners).

Cantillon emphasised the idea that any individual, who purchased a good at a certain price, used that good to produce a product, and then sold that product at an uncertain price was an 'entrepreneur'. In this way 'entrepreneurs' were involved in market exchanges that included elements of risk and uncertainty. Cantillon's conception of uncertainty and the way he links uncertainty to the income of entrepreneurs is a crucial difference to the other classical theorists. For these theorists society is unchanging it is equilibrium bound and as such always balanced. Cantillon views entrepreneurs as all individuals, regardless of their role, who must anticipate a particular set of market forces. In making this distinction Cantillon suggests that there is a greater degree of human action within markets and entrepreneurs can succeed or fail because of their perception of uncertain market conditions (Cantillon, 1931, p. 49).

Cantillon's suggestions that the market is unpredictable and unstable led him to think that 'successful entrepreneurs' make better judgements about changes in the market. Uncertainty was also generated by factors external to the market that make the equilibrium position continually fluctuate. In this way Cantillon views the market system as being in disequilibrium. Jevons (1931) also highlights this point.

"A perpetual flux and reflux of prices arises from the impossibility of proportioning the supply and demand. In short, these few pages contain not only the whole doctrine of market value as contrasted to cost value....but are allusions to difficulties which Ricardo, Mill and many others have ignored." Jevons, 1931, p. 345

[1] In the sense that 'entrepreneurs' make profit from uncertain economic conditions thus they are seen *live of* uncertainity.

This flux and reflux in prices is the outcome of 'entrepreneurs' trying to gauge the current price based on their perception of present supply and demand at a particular point in time. In this sense Cantillon's perception of society is much less ordered, predictable and stable than the other classical theorists. He perceives society and the market system to be unpredictable, fluctuating, in disequilibrium and uncertain. It is because of this philosophy that he suggests the entrepreneur is any individual who works for an uncertain income.

Frank Knight's (1921) treatise *'Risk, Uncertainty and Profit'* examines the issue of risk and uncertainty within human activity and business in particular. While Cantillon's allusions to uncertainty present in the market system and references to entrepreneurial judgements are implicit Knight explicitly builds his thesis on market uncertainty. Starting from a theoretical position Knight describes the market system in its ideal state or its equilibrium state and then begins to introduce uncertainty and thus explain how the market system works in reality. Knight's approach draws from previous work undertaken in the Austrian School of economics particularly from the work of Mangoldt (1855). Rather than try to develop economic theory that portrays an ideal state of affairs Knight is more interested in developing economic theory that explains the real market system as it actually operates (Ricketts, 1987).

Knight's position on the nature of economics as a social science is explicit (Knight 1921, p. 3 - 48). He suggests that economics has sought to reduce to order a complicated set of interrelated changes and behaviour that can represent laws and which can be isolated and studied separately. In this sense Knight observes that economics has aspired to be an exact science and should accept the limitation of science, which is, that by nature it must be abstract and unreal. He recognises that while theoretical economics is interested in analysing 'perfect competition' it fails to identify where competition is not perfect. Knight is able to suggest that equilibrium systems represent theoretical ideals and not reality (Knight, 1921, p. 10).

Knight suggests from this that it is imperative that a contrast is made between simplified assumptions and the complex facts of real life. In this sense

Knight's philosophy of social science may be described as an 'organic-systems' philosophy because he seeks a holistic explanation of the real world rather an abstract theoretical model.

This philosophy of science leads Knight to make an important and fundamental distinction. This is that the concept of equilibrium is a static method, that it is the final condition at which theoretical forces (for example supply and demand) are equal. In this static state 'entrepreneurship' is generalised, it becomes generic, and, therefore, functional. In reality, however, no market system reaches equilibrium because other forces change the general conditions. In this dynamic state there is uncertainty in the market and entrepreneurship becomes the skilful interpretation of market changes and the bearing of responsibility for the successful or otherwise interpretation of market change.

Starting with this perception of the market Knight develops a coherent view of uncertainty and progresses towards a conception of 'entrepreneurship' in the market system. He suggests that it is not change itself that creates uncertainty but the perception of change. If change is calculable and predictable then it is 'risk', if a person can predict to a certain degree of probability that a change will occur then it can be insured against or incorporated into the costs of business. If on the other hand the change cannot be predicted then it is unknown and thus 'uncertain'. He suggests that 'entrepreneurs' gain profit or loss by relying on the anticipation of a product's sale. The problem is that these anticipations must rely on imperfect knowledge of the future. He suggests that:

> *"...it is a world of change in which we live and a world of uncertainty. We live only by knowing **something** about the future; while the problems of life, or of conduct at least, arise from the fact that we know so little. This is as true of business as of other spheres of activity. The essence of the situation is action according to **opinion**, of greater or less foundation and value, neither entire ignorance nor complete and perfect knowledge, but partial knowledge." Knight, 1921, p. 199 (His emphasis).*

It is in essence this lack of knowledge about the future that makes the study of uncertainty within the economic system so important. He concludes

that individual knowledge and action is dependent on ability to identify risk and bear uncertainty.

The process of knowledge accrual and the need for humans to grasp some understanding about the future in order to manipulate it does not occur without error. This need for predicting the future, the requirement for action to manipulate the future and resultant liability for error is what makes 'entrepreneurship' possible, important in the market system and how one can distinguish between a successful and an unsuccessful 'entrepreneur'.

For Knight 'entrepreneurship' is very different from the Classical and Neo-classical theorists. It is not a generic role, manager, owner, capitalist or co-ordinator, where all individuals who fill the role are 'entrepreneurs'. It is not even a class of people operating in uncertain market conditions as in Cantillon's approach. 'Entrepreneurship' in Knight's theory is a type of decision, and it is behaviour that facilitates the propensity and ability; first, to make those types of decisions, and secondly, to do it 'successfully'.

Knight's philosophies of society centre on the question of static versus dynamic models. He suggests that the type of knowledge sought by science is incompatible with an understanding of the nature of change itself. He suggests that a static method of enquiry seeks to reduce the complexity of the real world to units and universal laws. A world without change is a world without uncertainty and is absolutely unchanging and accurately foreknown. His philosophy of society leads him to disagree with this mode of inquiry and to construct a dynamic view of the social and economic system.

In his work Shackle (1955; 1972; 1979) goes much further and, to all intents and purposes, rejects the fundamental precepts on which the majority of economic theory is based. The process in which Shackle comes to consider uncertainty in the economic system, or more strictly in human behaviour generally, is radically different from Knight and Cantillon.

Although Shackle does not explicitly explore the concept of 'entrepreneurship' he does explore the nature of choice and uncertainty. Both concepts have considerable significance to the study of 'entrepreneurship' and

an analysis will benefit from exploring his ideas on the subjects. This analysis of Shackle's work will draw from three published books, *'Uncertainty in Economics' (Shackle 1955), 'Epistemics and Economics' (Shackle 1972) and 'Imagination and the Nature of Choice' (Shackle 1979)*, the majority of information will be drawn from the two later books.

In his book *'Epistemics and Economics'* Shackle (1972) constructs a persuasive argument against the core assumptions of economics. He suggests that human beings have two faculties that make them human, imagination and reason. While reason has laws that must be the same for all people, imagination is only restricted when it is turned to 'practical affairs' because there is necessity to imagine what is possible. Shackle suggests that economics has chosen to use reason to explain human behaviour and thus assumes that human beings apply reason to their circumstances. This, he suggests, is a misconception because it does not explain how we know what our circumstances are. It is this question, this search for an understanding of how human beings perceive the present and how they can have knowledge of the future from which Shackle starts. This question led him to construct a myriad of arguments against the predominant doctrines in economics around one theme. The theme was that economic theory had taken on a character belonging to the external world, the world of calculable and manipulable 'things', while it ignored the world of the conscious mind that worked in a time restricted context. Shackle suggests that economic theory in its search for the external world has neglected 'unknowledge', it has ignored the influence of the unknown and the unknowable, and has as a result ignored the significance of time.

From this initial premise Shackle begins a complicated analysis and critique of economic theory that centres on three factors. First, knowledge is always insufficient because of finite intelligence and because human beings have no knowledge about the future-to-come. Secondly, that perception of the future is possible because of the faculty of imagination. Individuals have partial knowledge of the present, from which they can imagine a range of possible

futures. Thirdly, individuals can make decisions and actions in the present to achieve their imagined future (although degree of success has no bearing).

This idea led Shackle to examine the nature of uncertainty, he made a critique of probability theory and argued that probability analysis was inadequate to eliminate uncertainty because it could not adequately predict the future. The use of probability ignores the fact that only one or few individuals are usually involved in the process of decision-making, which disregards an individual's knowledge, or lack of knowledge about the problem in question. By ignoring the finite knowledge of individuals probability theory can only be of use where possible outcomes are known in advance.

From this critique of probability theory Shackle introduces an alternative explanation. That to be uncertain is to have many rival hypotheses, or likely outcomes from a particular situation or question, only one of which can prove true in the end. All choices, by definition, to a greater or lesser degree conform to this. When a decision-maker has these rival hypotheses, s/he must consider in which they have the greater degree of positive belief. But none of them may prove true in the end because of some rival outcome occurring which they had not considered.

Following his extensive critique of economic doctrines Shackle (1979) uses the book, *'Imagination and the Nature of Choice'*, to construct an analysis of thought and imagination and show how these faculties have a bearing on the nature of choice. Shackle suggests that because humans are unable to know the future they must use their imagination. While they are helped by information from the present, they must imagine what the future may be like given available knowledge. Imagination becomes the tool through which one can perceive the future. Choice, however, needs more, it also needs a skein of many, rival, possible sequences of action. A number of mutually exclusive rivals that lead to different choices and different sequences, all of which are deemed possible by the individual who is choosing. What is possible is in the judgement of the chooser and depends on, knowledge, personality, desires, ambitions and priorities of the individual (Shackle, 1979, p.136). Thus Shackle presents the

idea that choice is choice between *'rival choosables'* or *'between rival imagined things deemed possible'* (Shackle, 1979, p.140). As a result of a choice the chooser commits themselves to a particular sequence of future choices. Action is required in the present to ensure that the most desired (imagined) sequence of choices be achieved. Shackle calls this action 'enterprise' and views the concept of enterprise as the effective outcome of any choice, which depended on the individual's goals and aspirations. In essence the chooser is a gambler, a survivor and an attainer. A chooser is a gambler because he/she sometimes decides to act without any desired outcomes in mind. He/she is a survivor because one seeks to reduce the risk of undesired outcomes and he/she is an attainer because sometimes one pursues particular goals and ambitions.

Concerning his assumptions about the nature of society Shackle has similar views to Knight (1921) and to Cantillon (1931). By accepting that history-to-come is unknown, by introducing finite knowledge and by criticising probability theory Shackle demonstrates a belief that society is in a continuous state of flux and that individuals have very limited knowledge regarding its present state let alone its future state.

In respect to his philosophies of science there are fundamental differences between Knight and Cantillon on the one hand, and Shackle on the other hand. While Knight and Cantillon present disequilibrium systems as a result of their introduction of uncertainty into the economic system, Shackle presents an anti-equilibrium thesis. Rather than accept the tenets on which equilibrium systems of explanation are founded and then introduce uncertainty Shackle constructs an argument against the principles on which equilibrium systems are based. As a result his view of the social scientific enterprise is towards the subjective pole of the Burrell's and Morgan's (1979) objective-subjective continuum.

2. 4. 2. Opportunity

Theorists in this category started from similar historical backgrounds as the uncertainty bearing theorists. Both categories draw from the work of the Austrian school of economics (Mangoldt, 1855; Menger, 1950; Hayek, 1990)

but the way each category has analysed 'entrepreneurship' has differed in significant respects. Knight and Shackle concentrated their approaches on the nature and importance of uncertainty in changing economic circumstances. While Mises (1949) and Kirzner (1973) have concentrated their approaches on the significance of human action and individual ability to perceive opportunity, in both Mises' and Kirzner's approaches uncertain economic conditions remain important elements. They also perceive the economic system to be in disequilibrium, but their models apply uncertainty in a more implicit fashion.

Although there is some difference between Mises (1949) and Kirzner (1973; 1980; 1982; 1990) regarding the degree of human action that they introduce into their analysis they draw from similar sets of philosophical assumptions and apply them to the study of entrepreneurship in similar ways. In response this analysis will concentrate on the theoretical approach of Kirzner who draws much of his initial ideas from Mises.

This analysis of Kirzner's approach to 'entrepreneurship' will draw from a number of significant sources and will concentrate primarily on the underlying philosophical assumptions he makes regarding the nature of social science and the nature of society. While Knight constructed a disequilibrium market system because he wished to make equilibrium systems more realistic, Kirzner adapts market equilibrium as a mode of enquiry from the beginning. Unlike Shackle, Kirzner does not reject equilibrium enquiry entirely but he suggests that the economic system operates as a market process and thus the market moves towards equilibrium (Hébert and Link, 1988). His conception is in this sense similar to Knight's but it is on the role that Kirzner ascribes to the 'entrepreneur' where there are differences.

'Entrepreneurs' or more precisely 'entrepreneurial decisions' are considered by Kirzner to be the driving force behind the market process. He argues that there is a crucial element in all human action that can be described as 'entrepreneurial'; that this element, individual human 'entrepreneurship', has a significant role to play in directing the market process towards equilibrium. By replacing the Robbinsian (Robbins, 1932) idea of the economising 'man', who

makes decisions on purely rational basis, with the Misesian concept of *homo agens*, Kirzner introduces subjectivity. Rather than accept that individuals in the market always make logical decisions Kirzner considers that decisions can be based on irrationality, that decisions are the subjective preferences of individuals and, thus depend on individual perception.

From this initial idea Kirzner is able to suggest that human activity, in this case the market, is not only guided by logical choices and decisions, for example regarding supply and demand, but also requires the propensity to be alert to opportunities. From Kirzner's perspective it is this ability to be alert to opportunities, for example to newly worthwhile goals or newly available resources, which defines the 'entrepreneurial' element of decision-making.

In this perspective 'entrepreneurship' is not only the propensity to pursue goals efficiently, when the ends and means of those goals have been identified but also the drive and alertness required to identify which goals to pursue in the first place. It is the acquisition of market information and knowledge, from market participation that helps provide this alertness to opportunity. But naturally it is also individual capacity to 'envisage' future opportunities that makes 'correct' perception of the market possible. 'Entrepreneurial' ability is dependent on perceiving future market conditions, setting about a course of action that results in a sequence of decisions directed at achieving the outcome anticipated.

In this broad interpretation of alertness to opportunity all human actors are essentially entrepreneurs, because they act on their anticipation of future market conditions. Like Knight and Shackle, Kirzner introduces imperfect knowledge and suggests that all human actors must interpret future market conditions when acting on the present. Kirzner goes a step further by introducing the concept of the 'pure entrepreneur'. The pure entrepreneur is defined as a *"decision-maker whose **entire** role arises out of his alertness to hitherto unnoticed opportunities." (Kirzner 1979, p. 38, his emphasis).* A pure entrepreneur is thus a decision-maker who begins without any means other than an ability to predict 'successfully' changes in market conditions. Kirzner uses the pure entrepreneur

as a conceptual category, he does not suggest that such individuals need exist in reality, only that 'successful' entrepreneurship is defined by this alertness to possible opportunities.

The 'pure entrepreneur' thus recognises the opportunity to sell something at a price higher than what s/he paid. In Kirzner's perspective then, the firm is not 'entrepreneurship', it is the result of 'entrepreneurial alertness'. Indeed he explicitly separates the firm from 'entrepreneurship' the firm is concerned with the control of decision-making, while 'entrepreneurship' is concerned with the vision to identify unnoticed opportunities that in some cases would result in the formation of a firm.

The philosophical assumptions that led Kirzner to this interpretation of 'entrepreneurship' are not radically different from Knight's. For example, he injects the concepts of uncertainty and finite knowledge into the market system and as a result perceives the market to be in disequilibrium. Although Kirzner does this in a more implicit fashion, he does introduce Mises' concept of human action that by definition relies on uncertainty (Kirzner, 1990). For example, Kirzner suggests that;

> *"..every action is embedded in the flux of time...In other words the entrepreneurial element cannot be abstracted from the notion of individual human action, because the uncertainty of the future is already implied in the very notion of action. That man acts and that the future is uncertain are by no means two independent matters, they are only two different modes of establishing one thing." Kirzner, 1990, p. 81*

Kirzner's perspective thus differs significantly from Knight's because he regards the idea of the 'unknown' with some scepticism (Kirzner 1990, p. 82). In many respects Knight's idea of unknowledge replaces the 'positivist-mechanistic' philosophy of the Classical and Neo-classical theorists with another type of determinism. This is because Knight presents a 'realistic' view of society and the market system that incorporates change, flux, and alterations in society. This he regards as important elements in the market system that occurs as a result of finite knowledge about the present and no knowledge about the future. Knight does not, however, go further, he does not ask how

individuals differ in respect of their ability to predict these future changes in the market. In effect human behaviour is still determined, this time, by the forces of change. The society and market around the individual still completely influence an individual's behaviour. 'Entrepreneurs' are defined by their willingness to bear this uncertainty, not their ability to predict the changes. Kirzner rejects this determinism and injects a greater degree of human action into his conception of 'entrepreneurship'. He suggests, as does Shackle, that:

> *"Man acts, in the light of the future as he envisages it, to enhance his position in that future. The realized consequences of man's actions, however, flow from the impact of those actions on the actual (as contrasted with the envisaged) course of future events." Kirzner, 1990, p.90*

While these assumptions at surface level would appear to be similar to those of Shackle they are in fact quite different. Kirzner's philosophy of social science may best be described as an 'objective-human action' approach. This is because he inserts human action into the market, rather than concentrate on individual consciousness. The two approaches while applying similar assumptions in relation to human nature actually apply different ontological and epistemological assumptions. Shackle regards reality as a social construction, he views the 'market' as an entity constructed from the subjective choices of individuals, enterprise is the ability to achieve goals set out by the individual. In this sense all human activity is the 'market'. This assumption concerning ontology leads Shackle to a complimentary epistemological assumption, which is that knowledge, can be constructed from understanding the processes through which individuals choose particular objectives.

Kirzner, however, regards reality as a concrete process, while the process has imperfections and individuals operate in uncertainty, the market exists and 'entrepreneurs' bring different parts of the market into co-ordination with each other because they are aware of opportunities. This assumption concerning ontology also leads Kirzner to a complimentary assumption regarding epistemology. This is that knowledge about the market can be achieved by analysing the processes through which 'entrepreneurs' direct the market towards

equilibrium. These different assumptions led Shackle to perceive 'enterprise' as actions toward the 'subjective' desires of individuals and led Kirzner to perceive 'entrepreneurship' as actions in pursuit of 'objective' opportunities that exist in the market place. In other words, for Kirzner the opportunities actually exist and 'successful' 'entrepreneurship' is the ability to be aware of them. For Shackle the social world is constructed in the mind of the individual, opportunities exist in the imagination of the individual and 'successful' enterprise is the ability to create the future one imagines.

To conclude this analysis Table 2. 2. summarises the similarities and differences of these theorists' philosophies of science and society.

Table 2. 2.

The Philosophies Underlying the Uncertainty and Neo-Austrian Economic Approaches to Entrepreneurship.

Category			
Ontology	Reality as a social construction (Shackle)	Reality as a concrete process (Kirzner, Cantillon, Knight, Mises)	
Epistemology	'Organic-Systems' Philosophy (Cantillon, Knight)	'Subjective Human-Action' Philosophy (Shackle)	'Objective Human-Action' Philosophy (Kirzner, Mises)
Human Behaviour	"Man" as an adapter (Cantillon, Knight)	"Man" as an actor, the symbol chooser (Shackle, Mises)	"Man" as an information processor (Kirzner)
The Nature of Society	Disequilibrium and anti-equilibrium perspective of the market (All theorists)	Society is in constant structural flux (All theorists)	Every society and every element of society is subject to incremental and continuos change (All theorists)
Perception of Entrepreneurship	Enterprise: Action in pursuit of imagination (Shackle)	Alertness to Opportunity (Kirzner, Mises)	Bearing the financial and personal uncertainty of decisions (Knight)

2. 5. Innovation and Change

Schumpeter (1934) and many other theorists do not view entrepreneurship as alertness to existing opportunities they view 'entrepreneurship' as the creation of opportunity through innovation. The theorist whose ideas have had the most fundamental influence on contemporary research in the field of entrepreneurship saw the entrepreneur as an innovator (Schumpeter, 1934).

Schumpeter's theories of the economic system and entrepreneurship have been widely documented elsewhere (MacDonald, 1971; Hébert and Link, 1988, p. 101 - 115; Barreto, 1989; Binks and Vale, 1990, p. 22 - 30; Shionoya, 1992). The approach taken will concentrate primarily on his philosophies, of social science and society, and this will demonstrate the underlying assumptions Schumpeter makes when constructing his theoretical framework. A number of major sources have been used to help this analysis including his book; *'History of Economic Analysis' (Schumpeter, 1963),* the article *'The Fundamental Phenomenon of Economic Development' (Schumpeter, 1934)* and including two indirect sources; *'Taking Schumpeter's Methodology Seriously' (Shionoya, 1992; Shionoya, 1997)* and *Schumpeter and Max Weber: Central Visions and Social Theories (Macdonald, 1971).*

Schumpeter introduced the concept of entrepreneurship in a broader theory of economic development. Development is perceived to be a dynamic process and the 'entrepreneur' is a key figure in this process (Hébert and Link, 1988). Schumpeter disagrees with the equilibrium models that perceived economic life to be a circular flow and suggested that the key question in capitalism is not how it supports existing structures but how it creates and destroys them. Although Schumpeter acknowledged that the entrepreneurial function in the economic system may be mingled with ownership and management of resources the key 'function' of the entrepreneur was the person who innovates or makes 'new combinations' of production (Hébert and Link, 1988).

The concept of 'new combinations' of production covered five potential cases;

i) The introduction of a new good or a new quality of a good.

ii) The introduction of a new method of production

iii) The opening of a new market

iv) The development of a new source of supply or raw-materials or half-manufactured goods

v) The carrying out of a new organisation of any industry (e.g. creation of monopoly) (Schumpeter; in Kilby, 1971, p. 47).

These new combinations, Schumpeter points out, may happen in existing businesses but by their nature are generally embodied in new firms that do not arise out of old firms and often start producing beside them. In a competitive economy the new combinations usually lead to the elimination of old firms, may involve the use of unemployed resources but also draw the necessary means of production from old combinations (Schumpeter; in Kilby 1971).

Schumpeter describes the function of carrying out 'new combinations of production' as 'enterprise' and the individuals involved as 'entrepreneurs' and he explains his definition of the concepts;

"These concepts are at once broader and narrower than the usual. Broader, because in the first place we call entrepreneurs not only those "independent" businessmen...but all who actually fulfil the function...even if they are..."dependent" employees of a company, like managers, members of boards of directors... On the other hand, our concept is narrower than the traditional one in that it does not include all heads of firms or managers or industrialists who merely operate an established business, but only those who actually perform that function" (Schumpeter, in Kilby, p. 54, 1971)

For Schumpeter the function of carrying out new combinations of production was the key element in the concept of enterprise and the role of entrepreneurs in the economic process. But the term entrepreneur could only be applied to an individual when they were actively involved in the process of "carrying out new combinations" and individuals lost this characteristic when they reverted to other forms of behaviour. In the 'real' economic system Schumpeter suggests a business cannot be absolutely perfect in any sense. Even if it reaches a time when it is approaching relative perfection regarding its

surrounding world, social conditions, the 'knowledge' of the time and the individual's motivations, new possibilities in the surrounding world introduce new opportunities. The difference for the individual is related to behaviour, in the sense that, in a static system the individual can become accustomed to his/her own abilities and experience in relation to the surrounding environment. In a dynamic system, however, the individual must become accustomed to uncertainties in their surrounding environment and their interaction with it (Schumpeter, in Kilby, 1971). The distinction is pronounced; does an individual prefer to operate a business in a situation where certain knowledge exists? Or, does the individual prefer to operate a business where significant uncertainty exists? He makes the point that these are different things;

" Carrying out a new plan and acting according to a customary one are things as different as making a road and walking along it" (Schumpeter, in Kilby, 1971)

According to Schumpeter this has a number of implications for individual psychology, cognitive skills and behaviour. When uncertainty pervades a business enterprise the business owner has limited knowledge, as a consequence intuition or the capacity to see an opportunity from a situation of limited knowledge is an important skill or attribute. It thus follows that an act of creative destruction (of the *status quo*) requires thought processes that operate against fixed habits of thinking, which are subconscious. These habits of thinking are required for human beings to construct a collective view of reality and to enable humans to build on the past experiences of previous generations (Schumpeter, in Kilby, 1971).

The act of seeing something new, therefore, often requires ignorance of or rebellion against existing modes of thought. In some cases this may be embodied in a reaction against existing social structures or existing legal, political or economic impediments. From Schumpeter's perspective the 'entrepreneur' will act rationally only in the sense of developing plans for 'new combinations'.

When concluding Schumpeter suggests that it is these features of individual behaviour that have a creative and destructive impact on the *status*

quo. From this impact he concluded that the study of 'entrepreneurial' psychology is important to explain the function of creative destruction in the economic system (Schumpeter, in Kilby, 1971, p. 70).

The philosophical assumptions underlying Schumpeter's critique of equilibrium theories are well summed up by Shionoya (1992) who presents seven propositions about Schumpeter's philosophical assumptions with which this analysis broadly concurs;

1. Hypotheses, rather than being real are artificial creations of the human mind
2. Theories are not descriptive statements of the real world, and therefore, they cannot be judged for truth or falsity.
3. Theories are merely instruments for the purpose of description.
4. Theories are to describe facts as simply and as completely as possible.
5. It is not necessary to seek to justify hypotheses as such in order to establish their truth.
6. The purpose of hypotheses is to produce a theory that fits the facts, and thus they are evaluated by their practical success.
7. Observational facts exist independently of theories but for any set of observed facts there might be several different theories.

These seven propositions are a useful indication of Schumpeter's assumptions about the nature of social science. It is evident that Schumpeter views the development of social scientific knowledge as an inductive process, that theories and concepts are heuristic devices and that human beings use these devices to explain their social and natural environment. The assumption he makes about the nature of reality can be drawn out of these propositions. Theories and concepts are representations of the human mind, as such, they are the methods human beings use to *interpret* observations of the 'real' world. Schumpeter's assumption about reality is that there is a subjective world in which human beings construct theories, concepts and categories to explain their environment. These heuristics are collective, and influence occurs from the

application of historical ideas, the influence of a human being's social environment and observations of the current social and natural environment. In this sense there is a subjective reality and an objective reality and the interaction between them happens because human beings use historical explanations (ideas accumulated by previous generations) and are socialised into a varying range of collective realities.

This ontological proposition has a significant influence on Schumpeter's perception of the 'entrepreneur'. The 'entrepreneur' is the person using behaviour and constructing 'new combinations' that are in contradiction to a group's present perceptions, concepts and collective view of the environment. The 'entrepreneur', therefore, literally '*sees*' a different reality from the members of a group. It is this ability that enables the 'entrepreneur' to identify the opportunity for 'new combinations' that others miss (it is also evident that this might explain why 'new combinations' are always felt by others to be obvious after the event).

Schumpeter (1963) makes some explicit epistemological statements that rely on this perception about the nature of reality. He states that scientific knowledge must be constructed from previous ideas (Schumpeter, 1963, p. 4), that scientific enquiry is unsatisfactory unless this implicit history is made explicit (Schumpeter, 1963, p. 4). As a consequence he defines a science as any kind of knowledge that has been the object of conscious efforts to improve it (Schumpeter, 1963, p.7). Knowledge of the social world from Schumpeter's perspective, however, is not value free. The point being that 'knowledge' of the social world and human behaviour has an ideological bias and is, therefore, subjective to some degree. It is also evident that Schumpeter believes that rebellion against a form of knowledge is also ideologically biased. Schumpeter believed that rules of method are created and applied to the observation of the social world and that ideology will be proved 'true' or 'false' depending on its relationship to observations of the 'real' world[1]. This epistemological position suggests that although subjectivity exists in human enquiry it is possible to

reduce the influence of it by observing the social world using rules of method that can enable other researchers to recreate a study and test the results of previous research.

Schumpeter's assumptions on the nature of society are also stated explicitly. He draws much of his ideas on society from Marx (MacDonald, 1971) and these ideas led him to critique equilibrium theories of economics and introduce a new theory of creative destruction. This transformation of the *status quo* sets Schumpeter apart from the other economic theorists analysed. His work draws on a set of assumptions that allow for both situations of *status quo* and radical change to existing economic structures. This is an assumption, probably drawn from Marx, which suggests that revolutionary change occurs to the structure of society (MacDonald, 1971). In relation to his assumptions about the nature of society, therefore, he takes a much more radical perspective than the other economic theorists analysed and these assumptions have evidently influenced his assumptions about 'entrepreneurial behaviour'.

As suggested by Schumpeter a psychological understanding of entrepreneurship may well need to precede an economic understanding and the following three chapters provide this by using Burrell's and Morgan's (1979) paradigms to examine the contemporary psychological theories of entrepreneurship.

[1] One could of course object to this point on the basis that rules of method are constructed from philosophical assumptions that are themselves forms of ideology.

Chapter Three

Traditional Trait Approaches

3. 1. Introduction

This chapter and the following two chapters will review the psychological and social psychological perspectives in the field of entrepreneurship. This chapter will examine personality theories (Brockhaus, 1982; Brockhaus and Horwitz, 1985; Shaver and Scott, 1991). The next chapter will examine psycho-sociological models including the displacement model (Shapero, 1971; Shapero, 1975), the social development model (Gibb and Ritchie, 1981) and the psychodynamic model (Kets de Vries, 1977). The final chapter will examine social psychological theories of entrepreneurship and will include interactionism (Bird, 1988; Greenberger and Sexton, 1988), Cognition (Shaver and Scott, 1991) and Social Constructionism as currently applied in the subject of entrepreneurship (Chell, Haworth and Brearley, 1991; Chell, 1997; Chell, 2000).

As with the economic approaches previously reviewed this analysis will explore the underlying meta-theoretical assumptions each approach makes regarding ontology, epistemology, human behaviour and methodology.

3. 2. Issues in Psychology.

Before embarking on the specific analysis of each psychological and social psychological approach to the study of entrepreneurship it is necessary to discuss some of the issues that arise from psychology generally. This is particularly apt because theories in the field of entrepreneurship draw on a range of different 'schools of thought' from within and from outside the field of psychology itself. Despite their differences what all these approaches have in common is an emphasis on the *person*, they are all interested in trying to explain why some individuals act or behave in one way while other individuals behave differently. In the field of entrepreneurship, despite different definitions of the

phenomenon, these approaches essentially try to explain what makes some people 'entrepreneurial' while other people are not. Unlike the economic theorists who were concerned with the whole economic system and how 'entrepreneurs' influence it, the psychological theorists are interested in what makes an 'entrepreneur' do what they do. With reference to this and as a point of definition when this approach refers to 'psychology' or the 'psychology of the entrepreneur' or 'psychological approaches' it is referring to approaches that have as their central unit of analysis the individual.

Previous reviews of the literature on the psychology of the entrepreneur do exist. The most notable examples are Brockhaus (1982); Chell (1985); Brockhaus and Horwitz (1986); and Chell et al. (1991). These articles tend to review different psychological theories. For example, Brockhaus (1982) and Brockhaus and Horwitz (1986) concentrate more on personality theory whereas both Chell (1985) and Chell et al., (1991) review other models and social factors. All these reviews provide extensive criticisms of the approaches they examine. The common factor in these reviews is their approach to the categorisation of different models. The categorisation is separated between the major theoretical approaches, for example, trait theory, role theory, social development theory and so on. While the approach taken in this thesis will benefit by using the same categorisation technique it will differ from previous attempts. This is because Burrell's and Morgan's (1979) conceptual device will be applied in order to examine the philosophical assumptions underlying the psychological models of entrepreneurship.

Two major sets of assumptions permeate this analysis. The first set of assumptions relates broadly to the nature - nurture debate, or the debate about how much human behaviour is influenced by situational or genetic factors. The second set of assumptions, which are influenced by the first, concern the psychologist's assumptions about personality. These include assumptions about what personality is, how much personality influences behaviour, the extent to which an individual's personality alters over time and how one can measure personality.

The first group of assumptions about the nature - nurture debate has an important impact on the psychological approaches used to study 'entrepreneurship'. In fact these assumptions also have an important part to play in the discussion between sociological approaches and psychological approaches to the study of entrepreneurship. The key aspect of the debate concerns a theorist's interpretation of what human behaviour is influenced by. In other words, what makes us behave in the way that we do, or what are the 'determinants' of our actions. Towards one extreme some theorists believe that behaviour is predominantly 'determined' by our genes, or more simply, that we are born with characteristics that are the major influences on our actions (McClelland, 1971). Towards the other extreme some theorists believe that behaviour is completely 'determined' by our milieu (Gibb and Ritchie, 1981). Put more simply these theorists suggest that behaviour is influenced by situational factors, for example, other people's expectations, rules, culture, institutions etc. As well as the extreme views represented by this dichotomy there are a large number of assumptions between these two extremes. For example, the belief that behaviour is mostly 'determined' by our early family lives (Kets de Vries, 1977). Or the belief that behaviour is 'determined' by unconscious desires (Kets de Vries, 1977; Shapero, 1975). Or the belief that behaviour is caused by a combination of past experiences and the present situation (Chell et al, 1991, Shaver and Scott, 1991). These assumptions and many others along this dimension pervade the psychological literature on entrepreneurship and are made more complicated when one introduces discussions about the voluntarism - determinism debate (as discussed in Chapter One).

The second group of concepts that can be used to help understand the psychological perspectives of entrepreneurship concern personality. As identified, beliefs and assumptions about human behaviour will influence different theorist's perceptions of personality. A theorist's perception of personality, however, is itself a major influence on how they study and perceive 'entrepreneurship'. The traditional view of personality has been described as the 'traditional trait approach'. This approach is still used in the field of

entrepreneurship (Chell, 1985; Chell and Haworth, 1988; Gartner, 1989a) and assumes that personality derived from traits (such as ambitious, sociable, energetic etc. Chell, 1985). Traits were considered to exist, to be internal or inside the individual and it was assumed that individuals would behave in the same way in similar situations and behave similarly across a range of situations (Chell et al., 1991). These assumptions are evident in Block's, Weiss' and Thorne's (1979) definition of personality.

> *"More or less stable internal factors that make one person's behaviour consistent from one time to another, and different from the behaviour other people would manifest in comparable situations" (Child, 1968, p. 83).*

This definition shows the assumptions made by the traditional trait approach to personality. First, it assumes stability, or the idea that personality is relatively stable (Hampson, 1982). Although this allows for possible long-term development in an individual's personality throughout their life course and some day to day variations it assumes that the core of an individual's personality is stable implying continuity in behaviour. Secondly, the traditional trait perspective assumes internality (Hampson, 1982). The idea that personality is located within the individual and is thus not available to direct observation. As a result measuring personality must be undertaken indirectly and based on inferences (made by personality theorists) from observable behaviour. Thirdly, this approach to personality assumes consistency (Hampson, 1982) or the idea that personality makes an individual's behaviour consistent from one time to another. This means that the traditional trait theorist believes that personality is the main determinant of behaviour because it will influence a person's behaviour on every occasion. The final assumption that this approach makes is concerned with individual differences (Hampson, 1982). This is the idea that there are individual differences between people's behaviour in the same situations and that these differences arise because of personality. These assumptions are often taken for granted by traditional trait theorists because they are the foundations of their approach.

An assault on these principles was launched from within the field of psychology itself presenting a different formulation for the concept of

personality. The attack on these assumptions is often considered to have started with Mischel's (1968, 1973) critique of trait theory (Chell, 1985) and has become a central factor in the debate between personality theory and social psychology. An alternative theory for personality was put forward in the guise of interactionism which suggests that behaviour is influenced by the situation, the personality, and their interaction. This theory questioned traditional trait theorist's assumptions on internality, consistency and individual differences.

One of the many attempts during the recent two decades to introduce a different interpretation of personality, concordant with the interactionist perspective, and applying an alternative methodology was social constructionism. A social constructionist perspective was proposed by Hampson in her theory of the construction of personality (Hampson, 1982). In Hampson's theory personality is built on three different perspectives of an individual's personality. First, the personality theorist's perspective, an explicit theory based on the observation of behaviour and inferences made about behaviour. Secondly, the lay perspective, an implicit theory based on intuitive beliefs, descriptions of behaviour and categorisation concepts. In this perspective all human beings use concepts to explain the behaviour of other people. Thirdly, the self-perspective, the perceptions one holds about oneself, what we believe our personality is.

These different perceptions of personality, the traditional trait theorist's, the interactionist's and the social constructionist's, exist within the psychological theories of entrepreneurship. Each approach to personality assumes a different perspective in respect of the debate between the individual and the situation. Each approach also assumes different perspectives in relation to their meta-theoretical assumptions of social science and society. The following analysis will explore the different assumptions each of these approaches make within the field of entrepreneurship.

3. 3. Traditional Trait Theory

Traditional trait theory applies the assumptions that personality is stable, internal, consistent and different between individuals in the same situation. Not only have these assumptions been applied, and disputed, researchers in the field of entrepreneurship have been accused of using personality theory inappropriately (Robinson, Stimpson, Huefner and Hunt, 1991).

There are two major types of approach that traditional trait theorists in the field of entrepreneurship use to study personality. First, there are single-trait theories, which are interested in how one particular personality structure determines behaviour (Hampson, 1982). These approaches often describe traits that are considered to influence many different types of behaviour, for example, Authoritarianism (Adorno, Frenkel-Brunswick, Levinson and Sanford, 1950) and Achievement Motive (McClelland, Atkinson, Clark and Lowell, 1953). Secondly, there are multi-trait theories that try to identify a pattern of traits that can be used to construct personality (Hampson, 1982). These approaches seek to measure an individual's behaviour using degrees of measurement for each trait. It is assumed (by these approaches) that human beings all share the same personality structure but that people's 'score' on each trait will differ in degree. The particular combination of scores on the traits will indicate an individual's personality (as in psychometric tests).

Within the field of entrepreneurship both approaches to the psychology of the entrepreneur have been applied extensively (Chell et al., 1991). In the single trait approaches theorists have attempted to identify the importance of a number of traits. The most significant single traits used in the field of entrepreneurship have been Need for Achievement, Locus of Control and Risk-taking Propensity Chell and Burrows, 1991). In the multi-trait approaches theorists have attempted to identify a range of traits that would help to identify potential entrepreneurs. It is often the case that such approaches attempt to identify the high scoring traits that would help distinguish 'successful' entrepreneurs from 'average entrepreneurs' and then use the results as a predictive tool (McClelland, 1987).

3. 4. Single Traits

3. 4. 1. Need for Achievement Motivation

The need for achievement construct originated in the psychological writings of William James (1890) where he talk's about 'man's' desire to achieve self-imposed goals. Goals when attained, lead to a feeling of success and elevation, or when unattained lead to personal disappointment (Fineman, 1977). The formalisation of the achievement construct began with the work of Murray (1938). Murray conducted an in-depth 'multiform' study from which emerged a taxonomy of personality needs that he hypothesised directed behaviour (Fineman, 1977). One of these 'needs' was the need for achievement and it was defined as;

> *"...the desire or tendency to do things rapidly and/or as well as possible. [It also includes the desire] to accomplish something difficult. To master, manipulate and organise physical objects, human beings or ideas."*
> *(Murray, 1938, p. 164, quoted in Fineman, 1977).*

Murray's ideas on needs influenced David McClelland (1955) who devised his own theory of achievement motivation that he has since used to explain problems of economic growth and entrepreneurial behaviour. McClelland was the first to attempt to use the achievement motive as a distinguishing psychological trait of entrepreneurship and has been followed by many other researchers in the field (Johnson, 1990).

McClelland's (1971) actual concept of the achievement motive is very similar to Murray's. He suggests that the need for achievement is the desire to do well, not for social recognition or prestige but for a sense of inner personal accomplishment. McClelland also applies assumptions rooted in the psychoanalytical 'School of Thought' viewing motivation as internal and unconscious. McClelland believed that the best way to assess the achievement motive was through the analysis of fantasy. As a result of this view he chose the Thematic Apperception Test (TAT) as a method to test the need for achievement. The test requires interviewees to write imaginative stories in

response to a set of pictures. The stories are then analysed for achievement representations and scored according to a set of criteria.

After a number of studies in the laboratory McClelland concluded that those people with a high need for achievement would exhibit certain behaviours. First, they would take personal responsibility for finding solutions to problems. Secondly, they would take calculated risks from carefully considered and moderate achievement goals. Finally, they would desire concrete feedback about their performance (McClelland, 1962). McClelland subsequently reported that studies demonstrating a high need for achievement score, indicating these behaviours, were correlated strongly with 'entrepreneurial success' (McClelland, 1965).

McClelland's work has been criticised for a range of different reasons, both methodological and theoretical. From the perspective of economic development his conclusions have been questioned on theoretical grounds for underestimating the impact of social factors while overestimating one psychological factor (Frey, 1984). His methodology has been criticised on the grounds of biased data selection, analysis and interpretation (Schatz, 1971) and the Thematic Apperception Test has been criticised for low predictive validity (Klinger, 1966; Sexton and Bowman, 1984) and low test-retest reliability (Entwisle, 1972; Miner, 1980). From the perspective of entrepreneurship he has been criticised for using a very broad definition of the entrepreneur (Hull, Bosley and Udell, 1980; Brockhaus, 1982; Johnson, 1990). Included in his definition were salesmen, management consultants, executives of large companies and owner/managers of small businesses.

Despite these criticisms of McClelland's concept it has continued to feature strongly in research on the entrepreneurial personality. This can be attributed to the strong intuitive plausibility of the concept. It does seem to account for a type of behaviour that is commonly observed - the desire to do well (Fineman, 1977). Research in the field of entrepreneurship has, therefore, tried to account for the criticisms of the construct by developing different methodologies and test instruments.

Fineman's (1977) review of the need for achievement construct counted twenty two possible different measurement techniques that used the need for achievement trait. These included six projective measures, five comprehensive personality inventories and eleven specific questionnaire measures. In a more recent study Johnson (1990) identified eight tests that have been used to investigate the need for achievement motive within entrepreneurship. A summary of the tests used in the field of entrepreneurship is available in Table 3.1.

Johnson (1990) compared the results of twenty-three research studies in the field of entrepreneurship that used these measures to study the need for achievement. He was then able to draw a number of conclusions from these comparisons. First, there was considerable variability in the 'entrepreneurial' samples studied. This indicated differences in definitions, differences in the operationalisation of the achievement motive and a lack of consistency in the measurement techniques. Secondly, he suggested that it could not be assumed that the different measures of the achievement construct were measuring the same thing. In other words the achievement motive is being perceived differently by different researchers. Thirdly, that all approaches attempted to measure the difference between 'entrepreneurs' and 'non-entrepreneurs' that assumed that all 'entrepreneurs' and their ventures were a homogenous group. These approaches thus assume that the definition of entrepreneurship they have used is a generic definition. Finally, Johnson concludes that these approaches accept the personality theorist's perspective of entrepreneurship without considering the impact of external factors and the relationship between individual behaviours and firm-level outcomes. This point questions whether need for achievement has any effect on business performance even if it is a stable characteristic of 'entrepreneurs'.

Table 3.1.

Achievement Measures Used in Entrepreneurship Research

Measure	Type	Design
1. TAT (McClelland, 1955)	Projective: imaginative stories	4 pictures: work situation, study situation, father-son situation, young boy
2. MSCS-Form T (Miner, 1982, 1986)	Projective: sentence completion	40 sentence stems: 8 for each of five subscales: 1) self-achievement, 2) avoiding risks, 3) feedback of results, 4) personal innovation, 5) planning for the future.
3. EPPS (Edwards, 1959)	Comprehensive personality scale	225-item inventory: achievement one of 15 needs measured.
4. PRF-E (Jackson, 1974)	Comprehensive personality scale	352-item inventory: achievement one of 20 personality traits measured.
5. LAMQ (Lynn, 1969)	Achievement questionnaire	8 yes-no questions, e.g. Do you find it easy to relax on holiday? Have you always worked hard in order to be among the best in your own line?
6. MAS (Mehrabian, 1968, 1969)	Achievement questionnaire	26-item scale measuring extent of agreement or disagreement on such items as: "I worry more about getting a bad grade than I think about getting a good grade."
7. SCT (Mukjerhee, 1968)	Achievement questionnaire	50 forced-choice triads measuring achievement values, e.g. I like A. to be faithful to my friends and colleagues B. to be very systematic in my work C. to do my best in whatever work I undertake.
8. WOFO (Spence and Helmreich, 1978)	Achievement questionnaire	3 achievement scales: 1) mastery needs, 2) work orientation, 3) inter-personal competitiveness.

Source: Johnson, 1990, p. 42

The conclusions Johnson (1990) makes led him to suggest that there was no definitive link between the achievement motive and 'entrepreneurship'. He suggests that there may be a relationship but flaws in the research methodology prevent it being identified. Although Johnson's (1990) review does suggest that in 20 out of 23 studies there was a relationship between 'entrepreneurship',

however defined, and the need for achievement, however measured, there is no consistency between studies (Shaver and Scott, 1991). The fact that there is no clear relationship between different measures of need for achievement is not surprising. Even between research studies using the same measure there has never been congruence between approaches (Brockhaus and Horwitz, 1985; Begley and Boyd, 1986). This indicates a lack of comparability, lack of replication between studies, disagreement over the definition of 'entrepreneurship' and the use of different constructs regarding the achievement motive. Many commentators point to the contradictions between studies and between different measures of the achievement motive as a major criticism of the construct (Chell et al., 1991; Gartner, 1988). Even if relationships were found between this construct and entrepreneurship one would have to question its centrality. First, is it the major characteristic of entrepreneurs? Secondly, is it central to business performance?

3. 4. 2. Locus of Control

The concept of locus of control as a personality variable began with Rotter's (1966) work. Rotter hypothesised that there were two extremes of control beliefs internal and external. On the one hand, internal control beliefs were defined as, *"...the degree to which persons expect that a reinforcement or an outcome of their behaviour is contingent on their own behaviour or personal characteristics"(Rotter, 1990, p.489).* In other words internal locus of control concerns the extent to which people believe they are in control of their own destiny. On the other hand, external control beliefs were defined as, *"...the degree to which persons expect that the reinforcement or outcome [of behaviour] is a function of chance, luck, or fate, is under the control of powerful others, or is simply unpredictable" (Rotter, 1990, p.489).* In other words external locus of control concerns the extent to which people believe their lives and behaviour are determined by factors outside of their control.

Rotter (1990) himself recognises that this was not a new idea and that every pre-recorded history of humans is concerned with ideas of locus of control. Many historical stories and myths describe events controlled by gods

or fate as well as the result of individual behaviour. An interesting parallel can be drawn between locus-of-control beliefs and the free will - determinism debate about human behaviour. Internal beliefs about human control are remarkably suggestive of the free will argument while external beliefs are suggestive of the determinism argument.

Intuitively it makes sense to consider that business owners and managers might have higher internal locus of control beliefs than the population in general. Managers and business owners may have to take on greater control of situations and take on greater control of their lives as a result of owning or managing a business (Chell et al., 1991). It is through this rationale that research on locus of control beliefs has been undertaken.

Liles (1974) began the research by suggesting that it was a potential 'entrepreneur's' perception of a specific situation that would influence their intention to act. It was suggested that this subjective perception of the situation would be influenced by locus of control and, therefore, entrepreneurship research should investigate this construct.

Most research that has followed has attempted to link locus of control beliefs to need for achievement and risk-taking propensity. The assumption has been that people with a high need for achievement tended to believe in their own ability to control the situation and would more likely hold internal locus of control beliefs (McGhee and Crandall, 1968). It has also been suggested that people with a higher internal locus of control are more likely to take risks because they believe they have greater control over the situation. A summary of the approaches to studying locus of control beliefs in the field of entrepreneurship can be found in Table 3.2.

Table 3. 2.

Summary of Research into Locus of Control Beliefs in Entrepreneurship

Authors	Research Results
Ahmed, 1985	Examined locus of control beliefs of Bangladesh immigrants living in the UK and concluded that the locus of control scale was positively related to entrepreneurship.
Anderson, 1976	Used a longitudinal study of 90 'entrepreneurs' and discovered that those with high internal locus of control beliefs suffered less stress and employed more task-centred coping behaviours than those with external beliefs.
Begley and Boyd, 1986	Found no evidence to suggest that locus of control beliefs differed between business founders and business managers.
Borland, 1974 (cited in Brockhaus, 1982)	Suggested that a belief in internal locus of control was a better predictor of entrepreneurial intentions than need for achievement
Brockhaus and Nord, 1979	Found that Internal locus of control scores failed to help distinguish between entrepreneurs and managers
Brockhaus, 1980	Used a criterion for success, which was that the business still existed after three years. Found that successful business founders had a higher internal locus of control than founders of those businesses that ceased to exist.
Cromie and Johns, 1983	Established 'entrepreneurs' scored significantly higher than senior managers did on internal locus of control beliefs.
Durand and Shea, 1974	Investigated the entrepreneurial activity of black adults engaged in operating small businesses (USA). 'Entrepreneurs' with high nArch and internal locus of control were found to be significantly more 'active'.
Hull, Bosley and Udell, 1980	Failed to find any relationship between locus of control and entrepreneurial activity but did think the need for achievement motive was the more important variable.
Pandey and Tewary, 1979	Provided 'empirical' evidence to suggest that people with high internal locus of control are more likely to become successful entrepreneurs.
Venkatapathy, 1984	'Entrepreneurs' differed significantly from non-entrepreneurs on all the scales of the I-E inventory.

Constructed from: Venkatapathy, 1984, p. 97 – 100; Chell et al, 1991, p. 39 - 41; Shaver and Scott, 1991; p. 30.

The results of approaches analysing the locus of control scale and relating it to other variables are clearly contradictory. In their review Chell et al (1991) propose two reasons why such contradictions may occur. The first is specific and relates to the measurement of the trait and the second is broader suggesting that the locus of control characteristic might not be a characteristic of 'entrepreneurship' at all but may be a general characteristic of business behaviour.

The first criticism centres on Furnham's (1986) critique of the unidimensionality of the locus of control scale, that is, the situation in which an individual acts influences their perception of locus of control. In some situations some individuals may have an internal locus of control *while in other* situations they may have an external locus of control. This multidimensional aspect of the construct is also evident in the degree of weight individual's give to certain parts of the construct. For example, people may have less external locus of control beliefs about the influence of *powerful others* than they do about the influence of *chance*. This point itself is recognised tacitly by Rotter (1990) in the quotation below and highlights some misconception over the use of this construct in the field of entrepreneurship (Shaver and Scott, 1991).

> *"In studying locus of control, because we were dealing with a broad construct intended to study behaviour in a variety of situations, we wanted to sample many different situations without making the total score more dependent on one kind of situation (such as school achievement) than on another (such as political involvement).(Rotter, 1990, p. 491).*

Locus of control has been applied in the field of entrepreneurship as a desire for control (Shaver and Scott, 1991) which given the above perception would naturally reveal multiple factors, such as, beliefs about personal control and beliefs about political systems. Approaches in the field of entrepreneurship have mostly left out the situation within which behaviour occurs, which of course, would be central to an individual's belief about locus of control.

This point introduces the second criticism which is that locus of control beliefs may not be a distinguishing factor between 'entrepreneurs' and 'managers' (Chell et al, 1991). If one asks business owners and managers if they have internal or external locus of control beliefs about management

situations one would quite naturally find more individuals with internal locus of control beliefs than the general population. This is because managers and owners have expertise and experience in management and would be inclined to have greater belief in their ability to control situations where management skills are required. To some degree the function of management is to control people and situations, therefore, it should not be surprising that managers and owners have a positive belief in their ability to control external circumstances. If one were to test their locus of control beliefs about sky diving, for example, it is quite evident that the results would be different. One would think that it is quite natural to have greater confidence about one's ability to control the situation if one has more 'knowledge' about it.

Even where locus of control scores are the same, for example between managers and entrepreneurs, they may occur for different reasons. Entrepreneurs may have confidence in their ability to exploit opportunities and may not perceive risk while managers are attempting constantly to exercise control over the resource base. Given this point how can the locus of control scale differentiate between 'managers', 'business owners' and 'entrepreneurs'? Brockhaus and Horwitz (1985) suggest that the locus of control scale cannot differentiate between managers, owners and entrepreneurs because of the context within which the scale is used. They suggest, however, that this construct may be significant when distinguishing between 'successful entrepreneurs' and 'unsuccessful entrepreneurs'. Even this point cannot be accepted without further criticism. This is because the locus of control construct may be dependent on the business environment (Chell et al, 1991). Some businesses operate in industrial sectors and industries that are very turbulent while other businesses operate in stable environments. It is also the case that industrial structures themselves can be entirely different, for example, when one compares an emerging industry where much is uncertain (like biotechnology) with a mature industry where much is known (like steel manufacturing). These factors may have a significant influence on the performance of firms and the perception of managers and entrepreneurs operating in different sectors. Such an effect may have a considerable influence

on the locus of control beliefs of individuals. For example, in a turbulent business environment 'owners' and 'managers' may have more external locus of control beliefs because they may have to constantly change the business to keep up with changes in their business environment. Whereas in a stable environment they may have greater internal locus of control beliefs because their businesses are not so thoroughly affected by external forces. This point means that studies on the locus of control construct need to concentrate their samples on particular industrial sectors and industries.

This point also questions the direction of causality of the locus of control scale. Do locus of control beliefs cause business performance? Or could environmental factors and business performance cause locus of control beliefs. It is possible that locus of control beliefs may be dependent on a firm's specific environment as well as its general environment. Even in the same industry and in the same geographic region one firm's operating environment may differ significantly from another firm's. For example, one firm may have financial stability, such as, family investment, while another firm may have financial instability, such as, nearing bankruptcy. Such factors could significantly affect the owner's locus of control beliefs. Lack of control over the solvency of the business may well lead to external locus of control beliefs rather than the other way around.

The locus of control scale has suffered from many criticisms and within the field of entrepreneurship there are many contradictions in the research. While the concept has some intuitive plausibility it has some major weaknesses. Research using this approach (Hull et al, 1980; Cromie and Johns, 1983) has been one dimensional and somewhat ambiguous. It has been unable to draw a distinction between 'managers' and 'business owners' and research findings have been unable to demonstrate causality between locus of control and business performance. These weaknesses seriously inhibit the construct's utility. Although it is possible to suggest a number of improvements, as Chell et al (1991) did in their review, the construct's major weakness centres on the question of the nature - nurture debate. For example; does an individual's locus of control beliefs influence their behaviour in all situations, or does the situation

determine the individual's locus of control beliefs? If one assumes that the answer to this question is the latter then the locus of control trait loses all predictive usefulness and becomes descriptive.

3. 4. 3. Risk-taking Propensity

Risk-taking as a trait of entrepreneurship originates from the reasonable assumption that 'entrepreneurs' and 'business owners' take risks in the pursuit of business or individual objectives. This assumption draws on an extensive history, many of the economists highlighted the risk-taking element of 'entrepreneurship' (however defined), and suggested that this factor could be one of the defining principles of 'entrepreneurship' (Cantillon, 1931; Knight, 1921; Mises, 1949; Schumpeter, 1971; Kirzner, 1980).

In the personality theorist's approach, however, risk-taking is not just something an 'entrepreneur' does it is something an 'entrepreneur' is. Essentially this means that personality theorists are interested in an individual's or group of individual's *propensity* to take risks. As such the personality theorist is interested in why some people are more inclined to take risks than others. The assumption is that a propensity to take risks is a trait of an individual's personality that will not differ regardless of the situation. It is also assumed that as a trait an individual's risk-taking propensity will help explain whether or not an individual will become an 'entrepreneur'.

The vast majority of research in the field of entrepreneurship that has analysed risk-taking has used the Choice Dilemmas Questionnaire (Brockhaus, 1982; Brockhaus and Horwitz, 1985; Shaver and Scott, 1991). This measure was developed by Stoner (1961, quoted in Shaver and Scott, 1991) and consists of short descriptive sketches in which a character is trying to decide between two courses of action, one is safe but dull, and the other is more interesting but risky. The respondents read the sketches once and are then asked to suggest what probability of success they would want before they recommend the risky option. The average of the probabilities for the twelve vignettes is considered to indicate the risk-taking propensity of the respondents.

Shaver and Scott (1991) identified three major weaknesses of this approach. First, the respondents' estimates about probability are based on the actions and choices of another imaginary individual. The researchers equate this as being identical to the choices and actions the respondents would make for themselves. As such this approach ignores the influence of social desirability. The respondents are being asked more about "what most people will do" than "what they would do". It also ignores the fact people will give advice about what they think an individual should do which could be different from what they would actually do themselves (Shaver and Scott, 1991).

Secondly, the questionnaire (CDQ) being used was not designed for the purpose of exploring the trait risk-taking propensity. It was designed as a way of measuring how group discussion alters an individual's perception of risk. As the CDQ was never intended to test a 'personality measure' it has not undergone any sort of reliability or validity testing and as a result the psychometric features of the CDQ are unknown (Shaver and Scott, 1991). As Shaver and Scott (1991) point out; *"To use such a measure as the index of a relatively enduring personality trait is a serious methodological error." Shaver and Scott, 1991, p. 29.*

Thirdly, the idea of 'choice shift' causes a serious theoretical problem when using the CDQ as a measure of risk taking propensity. The basic problem is that when individuals discuss the CDQ in a group it causes a shift in the individual's perception of the risk of particular scenarios. The change may be a 'conservative shift' or a 'risky shift' but the individual changes their perception of the particular scenario in response to discussion and persuasion. This indicates that the individual's information and knowledge may be the 'determining' factors of risk-taking propensity rather than their personality or characteristics. Shaver and Scott concluded from these criticisms that risk-taking propensity may not actually be a trait and at the very least if it is the CDQ is an ineffectual way of measuring it.

Even if one ignores these methodological and theoretical problems, the study of risk-taking propensity has other issues to resolve. Much current thinking disagrees with the assumption that risk-taking is central to

'entrepreneurship' whether or not it is perceived to be a personality trait (Chell et al, 1991). The suggestion has been that it is not the propensity to take risk that is important but the idea that 'entrepreneurs' take calculated risks (Timmons, Smollen and Dingee, 1985; McClelland, 1961).

Carland, Hoy, Bolton and Carland (1984) have also suggested that taking calculated risks is a characteristic of business ownership and not necessarily a characteristic of 'entrepreneurship'. Research examining risk-taking in the field of entrepreneurship has produced contradictory findings on this issue. On the one hand, Hull, Bosley and Udell (1980) discovered that 'entrepreneurs' have a greater propensity to take risks. Whereas, on the other hand, Brockhaus (1980) could not establish any difference between the risk-taking propensity of 'managers', 'entrepreneurs' and the general population.

Given the criticisms of this approach it is not surprising that these contradictions occur. Risk-taking could be as much a result of information and knowledge about a particular situation than a personality trait *per se*. For example, what one person perceives to be a risky venture or alternative may not be so to another person. The perceived risk of the venture is dependent on knowledge and information about that particular situation. Without expert knowledge the venture appears risky but with this knowledge it becomes calculated risk. The idea that risk-taking propensity is a trait of personality may be incorrect because the perception of risk is situation specific and depends on knowledge of the situation.

3. 5. Multi-trait Approaches

Multi-trait approaches to the study of entrepreneurship have attempted to identify profiles of entrepreneurial characteristics. When such a constellation of traits is found it is assumed that it can be used to help predict which individuals in the future will become 'entrepreneurs' and which individuals will run 'successful' businesses. Many different research studies have been undertaken that use this approach (Chell et al, 1991) and many different instruments have been employed. For example, the Behavioural Event Questionnaire (BEQ, Flanagan, 1954), the Edwards Personal Preference Schedule (EPPS, Edwards, 1959) and the Personality Research Form - E (PRF-E, Jackson, 1974). A summary of the major studies in the field of entrepreneurship is provided in Table 3.3.

Table 3. 3.

A Sample of Research Using *Multi-trait Perspectives*

Author(s)	Sample	*Characteristics*
DeCarlo and Lyons, 1979	Random selection of 122 individuals from a pooled listing of female entrepreneurs drawn from the business and manufacturing directories of several Mid Atlantic (USA) states, from directories of women business owners, and from directories of minority owned firms.	Age, marriage rate, education, previous entrepreneurial effort, regimentation, means of starting, achievement autonomy, aggression, independence, leadership, support conformity.
Hisrich and O'Brien, 1981	21 female entrepreneurs in greater Boston area in service and construction businesses	Self discipline and perserverance, desire to succeed, action orientation, energy level.
Hornaday and Aboud, 1971	60 entrepreneurs from East Coast (USA) in manufacturing, sales, and services businesses. No industry specified.	Need for achievement, autonomy, aggression, recognition, independence, leadership.
Hull, Bosley, and Udell, 1980	57 owners or partial owners of business. 31 of the 57 had helped create the business or had been involved with the creating of a business in the past.	Interest in "money or fame," social desirability, task preferences, locus of control, risk-taking propensity, creativity, achievement.

Table 3. 3. (Continued)

Author(s)	Sample	Characteristics
Litzinger, 1965	15 owner-operators of motels in Northern Arizona.	Risk preference, independence, leadership, recognition, support, conformity, benevolence, structure, consideration.
McClelland, 1961	Middle level managers from Harvard and MIT executive programs, General Electric unit managers, managers from Turkey, Italy, Poland and Indian mechanics.	Achievement, optimism, affiliation, power, conscientiousness, asceticism, belief in achieved status, market morality.
Meredith, Nelson and Neck, 1982.	Descriptive account discussing how to be an entrepreneur.	Self confidence, risk-taking, flexibility, need for achievement, independence.
Mescon and Montanari, 1981	31 real estate brokers who owned and operated their own firms in north central region of the United States.	Achievement, autonomy, dominance, endurance, order, locus of control.
Schrage, 1965	22 R&D companies, less than 10 years old, in service, consulting, and manufacturing.	Veridical perception, achievement motivation, power motivation, awareness of impaired performance under tension.
Wainer and Rubin, 1969	51 technically based service and manufacturing companies that were spin-offs from MIT, 4 - 10 years old.	Achievement, power, affiliation.
Welsch and Young, 1982	53 owners of small businesses. Average size of 10 full time employees and 4 part time employees. All types of industries and businesses.	Locus of control, Machiavellianism, self-esteem, risk-taking, openness to innovation, rigidity, government regulation, economic optimism.

Constructed from: Gartner, 1989a, p. 49 - 56

Gartner (1989a) in his critique of trait approaches identified a number of criticisms of the multi-trait approaches. First, these approaches have used many definitions of 'entrepreneurship'. This would appear to be a common problem for both single and multi-trait theories. Secondly, very few studies employ the *same* definition of entrepreneurship. This indicates a lack of comparability

between studies another common problem for both single and multi-trait approaches. Thirdly, a lack of agreement about "who is an entrepreneur" has led to the selection of many diverse samples. Even within samples there has been considerable variation. Finally, a large number of different traits and characteristics have been attributed to the entrepreneur. Gartner (1989a) suggests that if a 'psychological profile' were constructed using all these traits and characteristics it would depict an individual who would be *"...larger than life, full of contradictions, and, conversely, someone so full of traits that (s)he would have to be a sort of generic everyman." (Gartner, 1989a, p. 57).* Clearly, these criticisms highlight a number of problems for the multi-trait theorists. There is little or no convergence between their approaches and there are a large plethora of contradictory traits ascribed to the 'entrepreneurial' personality.

Many of the problems that have been experienced in the field of entrepreneurship in relation to single and multi-trait theory have been experienced before in the general field of personality theory (Chell et al, 1991) and in the field of leadership theory (Yukl, 1989). It is well documented that personality psychology of this sort went through a 'crisis' in the 1960's that has not been entirely resolved to this date (Chell, 1985; Chell et al, 1991). Many of the broad criticisms of these approaches have reappeared in this review of the traditional trait theorist's approach to entrepreneurship.

Wider criticisms of traditional trait theory include the inadequacies of measuring instruments, the poor definition of the population to which the trait is being applied and the inadequacy of attempts to describe and manage the population samples of research. All these broad criticisms have also been found to be true of the same type of approaches in the field of entrepreneurship (Gartner, 1989a; Chell et al, 1991; Shaver and Scott, 1991). Such difficulties have remained despite attempts to revise traditional trait theory and to improve the measurement instruments. These long-term difficulties in trait theory lead to an important question that is; "why after at least thirty five years is traditional trait theory still suffering from such severe contradictions?" Although the criticisms identified go some way to answering this question they also identify another question, which is; "why, given the attempts to improve the theory and

measurement techniques, have these same criticisms occurred over so long a period?"

A sceptic might argue that it is because these approaches have not really addressed past criticism since their conception or that the detractors have continued with their criticisms despite improvements in personality theory. Given the weight of criticism levelled at these approaches, however, and their resultant attempts to put right these contradictions one may have to look for more fundamental difficulties. A more reasonable argument, although no less desirable from the traditional trait theorist's perspective, is that there is something incorrect with the assumptions on which this type of theory has been based.

By using the conceptual framework constructed in Section One it is possible to examine the philosophical assumptions on which traditional trait theory has been constructed. Such an approach can help to identify the differences between traditional trait theory and other psychological approaches to the 'entrepreneur'. It may also help to shed light on the potential problems that may occur as result of the trait theorist's core assumptions.

3. 6. The Assumptions of Traditional Trait Theory

The first core assumption of traditional trait theory is the idea of stability. As demonstrated earlier this is the assumption that personality is more or less stable. It implies that personality does not differ from one time to another and that personality determines behaviour. In terms of Burrell's and Morgan's (1979) conceptual framework this assumption uses a philosophical presupposition that implies that the personality of the individual is the only real determinant of human behaviour. It essentially ignores any other factors and suggests that they are irrelevant. Such a conjecture has three implications. First, it is extremely deterministic, it suggests that all behaviour is caused by personality. As such this assumption does not permit choice. Behaviour is determined by personality and unconscious desires and wants in fact determine even choices that appear to be 'free'.

Secondly, even those theorists that differ from this psycho-analytical (Freudian) interpretation of personality suggest that behaviour occurs largely as a result of personality. This slightly different assumption of stability leads personality theorists who are not Freudian towards a strong 'nature' argument. As these theorists assume that personality is stable and barely alters through the life course they suggest implicitly that one is 'born' with the majority of one's personality.

Thirdly, the assumption of stability and the implicit assumption that personality determines behaviour disregards completely factors external to the individual. Even the most adaptable traditional trait theorist assumes that personality is the central factor influencing behaviour. As such all other 'sociological' factors are essentially ignored or reduced to peripheral factors having no major influence on behaviour. This assumption creates difficulties for the use of Burrell's and Morgan's (1979) conceptual framework and its application to traditional trait approaches. This is because this assumption does not even recognise that society has much of an influence on behaviour at all. As a result the second continuum concerning the nature of society has no relevance to this particular psychological approach. Whether society is perceived to be turbulent or ordered has no relevance if it is thought to have little or no effect on human behaviour.

The second major assumption of personality theory may help explain some of the difficulties that such personality theory has experienced. The second assumption is internality or the idea that personality is resident within the individual. Behaviour is perceived to be the outward expression of personality but personality itself is unique to the individual and inside them. This is a somewhat paradoxical assumption that makes both idiographic and nomothetic statements regarding methodology (Allport, 1937; Hampson, 1982). It is idiographic because it considers each individual's personality to be unique. As such the observation of behaviour is the method through which a researcher may understand any individual's personality. It is also nomothetic because personality theory has developed systematic quantitative techniques that are designed to be scientifically rigorous and used to predict behaviour. In terms of

Burrell's and Morgan's conceptual framework this is a paradigmatic contradiction. While one cannot rule out that it is the conceptual framework that may be incorrect there are two reasons why this contradiction could have occurred.

First, traditional trait theory has built up a body of work based on the observation of human behaviour. From this previous work it has generalised a number of categories of behaviour (traits) that are common to all individuals to a greater or lesser degree. Traditional trait theorists have then hypothesised that these categories represent elements of all individuals' (internal) personality rather than categories of behaviour. This has enabled the development of quantitative techniques that purport to test the degree to which an individual holds a particular trait. Through such a process it can be suggested that traditional trait theory has moved from an idiographic assumption regarding how to measure personality to a nomothetic one. It started by observing individual behaviour and is now testing broad populations using statistical measures. This would explain the apparent contradiction between idiographic and nomothetic philosophies of method.

Secondly, this paradox may occur because of the alignment between methodology and theory. Originally traditional trait theorists held reasonably strong views about the internal nature of personality and its variation between individuals. Variation between individuals *is the main tenet* of the third assumption that the behaviour of individuals will differ in comparable situations. These differences occur because of differences in internal personality. This suggestion is relatively interpretive accepting variety between individuals and applying an ontological assumption that regards part of an individual's reality to reside within them rather than outside of them. By assuming that an individual's personality can determine their behaviour and that behaviour is the outward impression of personality these theorists also currently apply a nomothetic method (for example psychometric tests). This nomothetic method applies implicitly functionalist ontological assumptions, which assume that reality exists outside of the individual, and can be measured, categorised and generalised.

This point would indicate a lack of congruence between the ontological assumptions of traditional trait theory and the implicit ontological assumptions of its methodology. On the one hand, the implicit ontological assumption of the theory suggests a considerable degree of variation between different individual's *personalities* and that personality is only really *knowable to one's self* because it is inside one's self. As such part of one's reality exists inside one's self. On the other hand, the implicit ontological assumption of the methodology is that there are common features in everybody's *behaviour* that represent the *outward signs* of personality which can be *generalised,* and can be used by the personality theorist to predict future behaviour. As such nearly all of one's reality exists outside one's self. This is a kind of ontological 'have your cake and eat it'. This ontological problem occurs because of the assumed link between the individual's *unique internal personality* and the *categorisation of outward behaviour.*

If this particular explanation for the paradox were correct it could explain why there are contradictions between different research studies and it would suggest that these contradictions may continue indefinitely. This is because, on the one hand, traditional trait theory accepts complete diversity in individuals' personalities while, on the other hand, it seeks to measure the commonalties in behaviour. Obviously if individual personality is unique the reasons for similar behavioural patterns may be considerably complex and different between individuals. Any research using these assumptions may thus struggle to be comparable with other similar research. Add to this an enormous question mark over the causality between personality and behaviour and one may sensibly look for a different theoretical framework.

Table 3. 4. provides a summary of the criticisms of traditional trait theory, as established in this chapter, and Table 3. 5. highlights the philosophical assumptions that traditional trait theorists appear to make implicitly.

Table 3. 4.

Summary of the Criticisms of the Traditional Trait Theorists

Approach	Criticisms and Assumptions
Need for Achievement	• Underestimated the impact of social factors • Overestimated the impact of one psychological factor • TAT has poor predictive validity • TAT has low test-retest reliability • Applied a broad definition of entrepreneurship • Considerable variability in the selection of samples • Different measures of the achievement motive used different perceptions of it. • No evidence to suggest that need for achievement had any effect on business performance
Risk-taking (CDQ)	• Respondents estimates of probability were based on the actions of others • Methodological mistake using the CDQ as a measure of a personality trait
Risk-taking (In general)	• Does not account for the phenomenon of choice shift • The desire to take calculated risks more important than a propensity to take risks • Taking risks may be a phenomenon of small business owners rather than 'entrepreneurs' *per se.*
Multi-trait Approaches	• Many different definitions of entrepreneurship • Few studies employ the same definition • Diverse samples used • Even within studies there was considerable variability between samples • Lack of comparability between studies • An enormous number of contradictory traits identified as central to entrepreneurship.

Table 8. 5.

Summary of the Philosophical Assumptions of the Traditional Trait Theorists

Category	
Ontology	Traditional trait theorists appear to make both Realist and Nominalist assumptions
Epistemology	Traditional trait theorists make Positivist assumptions about the nature of knowledge
Human Behaviour	Human behaviour is determined primarily by personality
The Nature of Society	The implicit assumption is that society is irrelevant to understanding behaviour and, therefore, assumptions about the nature of society can be varied without impacting ideas about 'entrepreneurial' behaviour
Perception of Entrepreneurship	The variation of ideas about the phenomenon leads to considerable diversity of approaches and limited comparative validity.

Chapter Four

Psycho-sociological Approaches

4. 1. Introduction

This chapter will examine the psycho-sociological approaches to the study of entrepreneurship. Strictly speaking two of the approaches in this chapter can be described as sociological. These are the displacement model (Shapero, 1975) and the social development model (Gibb and Ritchie, 1981). They have been included in this review because their main emphasis is the individual rather than micro or macro sociological factors. The term 'psycho-sociological' has thus been coined to describe sociological theories whose main focus is the individual. Also included in this chapter is the psycho-dynamic model of 'entrepreneurship' (Kets de Vries, 1977). Strictly speaking this approach cannot be described as psycho-sociological. It is undoubtedly psychological drawing from the Freudian and psycho-analytical tradition. It has been included in this chapter for completeness although it does not easily 'fit' any of the other categories used.

4. 2. The Displacement Model

The displacement model of 'entrepreneurship' was first proposed by Shapero (1971, 1975) and is similar to Scase's and Goffee's (1980) social marginality theory. The basic premise is that 'entrepreneurs' are displaced people who have been supplanted from their familiar way of life. They are unemployed, have been made redundant, or have simply become tried of their current way of life and want more autonomy. The displacement concept also includes political refugees, immigrants or ethnic minorities who find it difficult to be accepted by the wider society. Shapero suggests that displacement can come from both positive and negative forces. For example, a positive force could be a close friend's suggestion that an individual becomes involved in an attractive new venture.

In this model, however, displacement occurs mostly because of negative forces, Shapero was able to identify from his sample that only 28% of 'entrepreneurs' gave positive forces as the reason for their displacement. Such negative displacement suggests to Shapero that dislodged individuals cannot choose not to 'act'. Due to their current situation they must act if they wish to improve it. Their action could include many alternatives one of which is to become an 'entrepreneur' (in Shapero's approach the word entrepreneur is taken to mean business owner).

Shapero's model applied both sociological and psychological factors. He suggests that displacement may occur because of an individual's internal beliefs as well as their external displacement In some cases it was observed that an individual simply realised that they no longer had any interest in their career, were frustrated or wanted more autonomy. The importance Shapero gave to such psychological factors was limited. He suggests that such reasons account for only 5% of the total given by entrepreneurs. From this Shapero concludes that the major factors displacing potential entrepreneurs were mostly external factors.

All the factors influencing an individual to become an entrepreneur were categorised into two major types by Shapero. First, 'push' factors that involved mostly negative factors displacing the individual from a known situation into an uncertain situation. Secondly, 'pull' factors that involved positive factors attracting the individual to set up a business. Shapero continued by suggesting that what differentiated those displaced people who saw the 'pull' factors towards 'entrepreneurship' as attractive from those that did not were the personality characteristics of the individuals concerned. In accordance with the assumptions of the traditional trait approach Shapero considers locus of control, achievement motivation and the need for independence as major factors in an individual's personality that may drive some individuals to consider becoming an 'entrepreneur'.

He also adds that having a role model, somebody else an individual knows who is an entrepreneur, is also an important influence on the displaced persons likeliness to become an entrepreneur.

This approach is psycho-sociological because it emphasises that sociological factors are the main forces that influence individuals to become entrepreneurs. In other words, individuals are displaced from their current situation due to external forces that are beyond their control. They are made unemployed because of developments in technology, their work is 'out-sourced' or the organisation they worked for is 'downsized'. As a result of such push factors individuals are forced to look for something different.

After this initial sociological 'push', other forces 'pull' some of these displaced people towards entrepreneurship. Many of these pull forces are also sociological, such as the influence of role models, the availability of finances but included in these pull forces is personality and the past experiences of the individual. In this sense the displacement theory suggests that people become entrepreneurs because of a range of different factors. Initially it is because they have been displaced from a known situation and this displacement is usually against their own free will.

Shapero's (1975) initial concept of displacement has had a major effect on the study of entrepreneurship. First, it has led researchers to investigate entrepreneurship in immigrant groups because it has been thought that immigrants are displaced people. The rationale has been that immigrants find it difficult to gain access to traditional employment and the professions in a new country and this will influence their propensity to become entrepreneurs (business owners). It is assumed that they are more inclined to set up businesses because they have less available alternatives (Ahmed, 1985). Some research often from the traditional trait approach has applied this assumption.

Secondly, the displacement model has led to research that has investigated the effects of organisational 're-engineering', 'down-sizing' and 'out-sourcing' on the prevalence of business ownership (Folger, Timmerman and Wooten, 1992). Although little research has been published those that have apply the displacement assumption of Shapero.

Thirdly, the displacement model has led to research on female entrepreneurship. The rationale has been that females are more restricted by the traditional employment structure and employment regulations of current

paternalistic systems. This also assumes that the growth in female employment has not yet affected the indirect disadvantages that exist in employment relationships. For example, inadequate flexibility in the hours of work and the unavailability of crèches of thought to have an impact. In response to these problems it has been suggested that some female workers have a feeling of displacement that may lead them to become entrepreneurs (Price and Monroe, 1992). Table 4. 1. shows a sample of the literature applying these assumptions.

Table 4. 1.

Sample of Research using the Displacement Assumption.

Authors	Research
Ahmed, 1985	Examined Risk-taking and Locus of Control among the Bangladeshi immigrant community in the UK.
Folger, Timmerman and Wooten, 1992	Examined the personality traits of business managers who had been laid off as a result of companies downsizing. Data was collected before an explicit decision to start a business and later contrasted with the managers subsequent decision. Found that personality traits could help predict which managers would start a business as a result of their displacement.
Ohe, Honjo, Okada, and Miura, 1992	Conducted a psychological study that compared male and female entrepreneurs in Japan and the USA. Concluded that female entrepreneurs in both countries had a higher degree of 'entrepreneurial spirit' than their male counterparts.
Price and Monroe, 1992	Claimed that women and minorities were launching new enterprises six times faster than any other group in the USA. Suggested that this occurred because of the displacement caused by downsizing and because of inflexible working conditions. Researched the effectiveness of entrepreneurial training schemes for women and minorities in Colorado.

Table 4. 1. (Continued)

Authors	Research
Sexton and Bowman, 1986	Examined the psychological characteristics of female business students majoring in entrepreneurship, female business students majoring in functional areas of business, female entrepreneurs and female managers. Concluded that personality traits were significantly different between entrepreneurship students and business students and between female managers and entrepreneurs.
Watkins and Watkins, 1986	Examined the influences leading women to adopt an entrepreneurial career in the United Kingdom. The research used in-depth interviews with 58 male and 58 female business owners. Concluded that the background and experience of women entrepreneurs differed substantially from their male counterparts. Discovered that the male control group fitted the displacement model of entrepreneurship while the female group did not. The female group were motivated more by internal push factors such as the desire for autonomy and need for achievement (not as a psychometric measure).
Moriya, Judd and File, (1988)	Discovered that women entrepreneurs were more values orientated than male entrepreneurs who were more profit orientated. Identified significant differences between women entrepreneurs in different segments of the same industry.

There are two major types of research that have used the assumptions of the displacement model. First, approaches that accept that displacement is a major factor causing 'entrepreneurship' and use traditional trait techniques to measure the personality differences between those displaced people who choose to become entrepreneurs and those that do not (Ahmed, 1985; Sexton and Bowman, 1986; Folger et al., 1992; Price and Monroe, 1992;).

Secondly, approaches that do not accept the concept of displacement outright or apply it implicitly. These approaches often use other methodologies and are not always trying to explain the differences between those displaced people who become entrepreneurs and those that do not (Watkins and Watkins, 1986, Moriya, Judd and File, 1988). Between these two approaches there are many contradictions concerning their assumptions about personality and the extent to which they think personality is an important factor once an individual has been displaced.

There are also major methodological differences between these two groups of studies. Even where one would expect to find common ground, concerning the importance of displacement, there is disagreement. Notably Watkins' and Watkins' (1986) research refutes the idea that female entrepreneurs are displaced people highlighting that in their research it was the male group that had been displaced by redundancy or unemployment. This disagrees with the assumptions of Price and Monroe (1992) who thought displacement may be a major influence on a woman's propensity to become a business owner. Watkins and Watkins suggested that there were more barriers for women to become business owners and this meant that women needed to positively pursue setting up a business and as a result displacement had less impact. These contradictions point to a number of possible criticisms of the displacement model.

First, although it allows for personal choice the displacement model assumes that the majority of people become 'entrepreneurs' because of exogenous factors. It suggests that displacement is a prerequisite for entrepreneurship in most cases. This assumption has had the important effect of introducing sociological factors and suggesting that these factors may well have a major influence on an individual's likelihood to start-up a business. People choose to found businesses, however, and even those people who have been displaced may have had previous intentions to start a business. As such this assumption disregards intention. This point suggests that displacement may be the stimulus for setting up a business but not the cause.

Even the idea that displacement could be the stimulus for setting up a business cannot be accepted uncritically. Perhaps it is the case that Shapero's findings are only typical of his particular sample as there is yet to be much supporting evidence for the theory. This possibility leads to a question about whether displacement is central to an individual's desire to set up a business. Perhaps the desire to run one's own business has a stronger causal claim to business formation.

This point introduces the second criticism that is Shapero's definition of 'entrepreneurship'. He used a definition that considered all business owners to

be 'entrepreneurs'. Such a broad definition included self-employed people, owners of small limited companies, partners and owners of medium and large sized enterprises. To assume that such a wide group of business owners were a homogenous group called 'entrepreneurs' could be a serious error. It does not take into account differences in ownership type, differences between industry sectors or differences between the industries and firms environments. One possible problem with this is that everybody who is in business for themselves would be included in any sample. Very small firms employing between two and five people and self-employed people would be included. In the UK at least they would account for an extremely large proportion of a representative sample (Federation of Small Businesses, 1995). It is possible to suggest that the over-emphasis on self-employed people in a sample could well lead to an over emphasis on displacement. This is because self-employment usually comes in two guises, highly skilled professionals acting as consultants or skilled menial and technical labour, both of which can be caused by displacement. If Shapero's sample had ignored the self-employed and concentrated only on established small businesses with between 10 - 50 employees displacement may not have been such an important factor.

Another problem that arises because of this definition is that Shapero's approach does not take into account the plethora of different industries in which an individual can own a business. Different industries go through different environmental pressures, some are expanding and others are contracting. Differences in industries would lead to different quantities of displaced people that would lead to different numbers of displaced potential 'entrepreneurs'. In other words, between industries displacement would differ in importance as a factor affecting business ownership. As such the assumption that displacement is one of the most important factors causing business ownership in all industries is questionable. This point is evident in the work of Moriya et al. (1988) who discovered that reasons for female business ownership differed significantly between industries and also differed between business segments of the same industry.

The third problem that occurs because of this definition is that it produces an approach that does not attempt to explain why some 'entrepreneurs' are more 'successful' than others. As a result the displacement model has no link to business performance. It assumes that all individuals who are in business for themselves are 'entrepreneurs' and it does not matter whether or not they are 'successful'.

The final major criticism of the displacement model relates to its acceptance of traditional trait theory. It does not accept all of the assumptions of trait theory because it introduces sociological factors as the main cause of displacement. It does suggest that once an individual has been displaced it is their personality, as theorised in trait theory that influences their decision to become an 'entrepreneur'. Although the displacement model does allow for sociological factors, such as role models, it suffers from all the previous criticisms of traditional trait theory as well as the criticisms already explored.

4. 3. The Psycho-Dynamic Model

The psycho-dynamic model of 'entrepreneurship' was first proposed by Kets de Vries (1977). The model builds on the idea of displacement introduced by Shapero (1971) but also uses Freudian assumptions about personality to explain why 'entrepreneurs' have a feeling of displacement. The psychological assumptions applied by Kets de Vries lead him to two interpretations of displacement: firstly, *actual* displacement that occurs because of environmental forces, and secondly, *perceived* displacement that occurs because of psycho-dynamic forces. In the second perspective the environment does not displace the individual but the environment is perceived by the individual to be hostile and turbulent. As such displacement is a psychological state as well as an effect of the environment.

From this initial concept of displacement Kets de Vries portrays the 'entrepreneur' as a person who has a yearning to control the environment surrounding them. He suggests that 'entrepreneurs' utilise innovation to rebel against current norms and structures that already exist. In typical psycho-analytical tradition he seeks to explain these 'tendencies' by suggesting that

"...these reactive ways of dealing with feelings of anger, fear and anxiety" (Kets de Vries, 1977, p. 35) occur because of past psycho-dynamic forces. Thus Kets de Vries hypothesises that the possession of, and belief in, different value systems from the mainstream of society will lead to different 'unconventional' ways of behaviour such as 'entrepreneurship'.

He suggests that the explanation for behaviour that goes against the traditional norms can occur for a range of external reasons; *"(1) displacement by force (i.e. by political upheavals and wars). (2) Denigration of valued symbols (i.e. religion). (3) Inconsistency of status symbols with changes of the distribution of economic power. (4) Non-acceptance of expected status of immigrant groups (Kets de Vries, 1977, p. 44).* These forces lead to a feeling of displacement among some groups in society and it is suggested that such forces may lead to a greater disposition towards 'entrepreneurial behaviour'.

Kets de Vries also suggests that as well as these external forces causing *actual* displacement previous family dynamics can lead to a *perceived* feeling of displacement. He suggests that to the individual there is no difference between real displacement and psychological displacement and that both may explain the emergence of 'entrepreneurship'.

Pursuing the concept of psychological displacement Kets de Vries attempts to explain the type of factors that may lead an individual to feel that he or she is a misfit or a deviant. Citing Collins, Moore and Unwalla (1970) he suggests that the childhood of many 'entrepreneurs' is often portrayed by them as a disturbing experience and suggests that family dynamics may be a major factor in the formation of an 'entrepreneur's' personality. A number of major factors, concerning the dynamics of an 'entrepreneur's' early family life, are suggested as possible reasons for a feeling of psychological displacement. He points out that fact and fantasy merge, it is the individual's perceptions of their past that count and which influence their personality dynamics.

The first factor is a child's relationship with their father. The father is perceived to have deserted, manipulated or neglected the family. It is suggested that this feeling of rejection can occur for a range of reasons and that it causes the individual to develop problems of self-esteem, insecurity and lack of

confidence. Such feelings, it is considered, lead to repressed aggression towards figures of authority and traditional structures of control.

The second factor is a child's relationship with their mother. Kets de Vries suggests that the mother is usually strong, decisive and controlling. The third factor is the nature and intensity of inter-sibling rivalry. Considerable competition for the parents' affection is considered to add to the complexity of the other two psycho-dynamic forces. These factors are hypothesised to lead to perceptions of high control and rejection in a potential 'entrepreneur's' beliefs about their past family life. Such beliefs, it is thought, lead to problems of identity formation and career orientation, as well as, a driving ambition to contradict feelings of inferiority and a non-conformist rebelliousness in regard to the environment. This distrust of authority, suggests Kets de Vries, makes the 'entrepreneur' seek unstructured work situations where he or she can assert control and independence. The entrepreneur constructs their own environment where power, prestige and self-confidence are used as tools against feelings of low self-esteem, inferiority and anxiety.

Chell (1985) reviewing the psycho-dynamic approach made a number of important criticisms of this model. First, the main theoretical problem for this model is that it only describes a given population. Kets de Vries sought to justify the belief that 'entrepreneurs' had turbulent family lives by citing one study (Collins et al, 1970). To take one sample, represented by Collins et al's work, and to generalise from it that all 'entrepreneurs' have had difficult family lives is highly erroneous. To progress from this initial theoretical assumption by formulating a model that explains the possible psycho-dynamic forces involved risks endangering the whole model. This is because the model may only be relevant to the particular people in Collins et al's sample and not to 'entrepreneurs' or 'business owners' more generally.

As Chell (1985) points out, such an assumption also fails to distinguish any difference between 'entrepreneurs' and other individuals. This begs the question, if an individual has had such a deprived family life why become an 'entrepreneur'? Why not become a criminal or an academic (Chell, 1985). In the model there is no explanation why psychological displacement must lead to

'entrepreneurship'. It is just assumed that Shapero's model of external displacement is correct and that if external displacement causes 'entrepreneurship' so too should psychological displacement. If Kets de Vries had undertaken an extensive critique of Shapero's model rather than accepting its validity he may not have made this assumption.

The second criticism that Chell (1985) makes is that if the model were valid, research into business formation would be able to identify a set of reasons why individuals set up businesses that would epitomise all business owners. It would be possible to produce evidence about 'entrepreneurs' motives for setting up businesses that would be compatible with Kets de Vries deviant stereotype. Research into the motives of business formation does not suggest that there is a generic set of motives that are typical to all business owners (Boswell, 1973; Scase and Goffee, 1980; Chell and Haworth, 1988). From the research that has been undertaken it appears that there are a large number of both psychological and sociological reasons that influence different individual's motives for setting up their business. The findings of research into the motives behind business formation are thus in conflict with the assumptions of Kets de Vries theoretical model.

There are three other possible criticisms of this model. First, Kets de Vries' actual definition of 'entrepreneurship' and his implicit assumptions about 'entrepreneurship' seem to be inconsistent. On the one hand, he defines 'entrepreneurship' as: *"...that individual instrumental in the conception of the idea of an enterprise and the implementation of these ideas,"(Kets de Vries, 1977, p. 37)* which is consistent with the new venture interpretation of 'entrepreneurship'. While, on the other hand, he makes implicit assumptions that point towards the 'entrepreneur' as a highly innovative individual determined to change everything in their environment. This directs him to a much more Schumpterian view of the 'entrepreneur' who is perceived to be a transformer of current norms. These two types of definition, although not incompatible when recognised explicitly, do create a problem when one is explicit and the other is implicit. Obviously, very few new businesses are truly innovative, the majority copy existing businesses ideas, some add new ideas to

existing concepts, but very few are 'new' in the strict sense of the word. Such a contradiction in definition, brings into question Kets de Vries' attempt at universality. First, by attempting to produce models that explain the universal features all business owners but that are only universal for a very small proportion of people who may be similar to Schumpeter's 'creative destroyers'.

Secondly, Kets de Vries attempts to marry psychological and sociological reasons for displacement and suggest that displacement is the universal reason for 'entrepreneurship'. An attempt of this nature accepted the tenets of Shapero's displacement model and, therefore, some of the criticisms of the displacement model are also valid for the psycho-dynamic model. Notably, both models neglect choice. Perceived or actual displacement causes business formation. Actual displacement is caused by environmental factors while actual and perceived past family life causes psychological displacement. In none of these cause and effect relationships does an individual actually choose to start a business. As such the psycho-dynamic model is also deterministic, pursuing an explanation for what *makes* an individual become a business owner rather than what factors enable an individual to *choose* to become a business owner.

The psycho-dynamic model and the displacement model of business formation are both typical of the functionalist paradigm in regard to Burrell's and Morgan's (1979) conceptual framework. Two major assumptions that they make about the nature of social science can highlight this point. First, by attempting to produce models that explained why all business owners started a business Shapero and Kets de Vries assumed that their models were universal for all business owners. Although they essentially failed at this attempt, the attempt at universality points to an assumption that a universal model for business formation is possible. Such an assumption suggests that other factors such as industry type, the operating environment of the firm and the type of task the business will perform, will not have a significant impact on the reasons for business formation. The idea is that the act of business formation itself should produce a number of reasons that will be generic and will explain why all business owners start businesses.

The second assumption about the nature of social science is an attempt in both the psycho-dynamic model and the displacement model to produce a single unitary cause and effect relationship. The suggestion was that a large number of factors influenced displacement but it was displacement that caused 'entrepreneurship'. These two assumptions apply an epistemological view that is typical of 'normal' science. Both models can be described as positivist and reductionist. While neither has actually attempted to empirically test their models both have attempted to produce a universal model for business formation and both have essentially reduced their analysis to cause and effect. Using the heuristic device constructed in Chapter One it can be concluded that both of these conjectures are core assumptions of functionalist epistemology.

4. 4. The Social Development Model

Gibb and Ritchie (1981) first proposed the social development model from their research into a group of 54 would-be entrepreneurs. The research used a longitudinal approach (research was undertaken between October 1979 and March 1981) and the research sample was drawn from people submitting business proposals to the 'Build Your Own Business' competition run by Durham University. Gibb and Ritchie initially argued that previous research into entrepreneurship had assumed that 'entrepreneurs' were 'born' rather than 'made' and that such an assumption largely ignored other environmental influences. In response to this criticism they developed a model of entrepreneurship that viewed it as a social process. They suggested that; *"...entrepreneurship can be better understood in terms of the types of situation encountered and the social groups to which the individuals relate." (Gibb and Ritchie, 1986, p. 27).* In other words, individual behaviour grows and adapts as a result of different types of situations encountered and the social groups to which the individual relates. Gibb's and Ritchie's model thus assumes that individuals change throughout their life course and an individual's relationship with their previous social contexts and social groups mould the individual's personality. Moving on from this initial assumption they present a model which suggests that people change throughout their 'life course' and the point in the

life-cycle that the individual is at when they choose to start a business will influence what such a decision means to them. As such they suggest that the age of an 'entrepreneur' and their position in the life course will significantly effect an individual's motives for starting a business.

Gibb and Ritchie then presented a fourfold typology that covers the entire life cycle and proposed key influences at each stage. Although they recognised that such a typology was a simplification of the data they accepted the fundamental precept that age and position in the life-cycle had an important effect on a person's reasons for forming a business. The *improvisers* were typical of small business owners at the early stages of their career. The *revisionists* were slightly older and in mid career, the *superscederes* were into the second part of their life and starting a new career and the *reverters* were in the final stage of the life cycle and were post-career.

Chell (1985) constructing a critique of Gibb's and Ritchie's life cycle typology identified a number of significant problems with this model. First, she suggested that the model was essentially 'situational' and by describing behaviour as a function of social influences tended to ignore the individual. Secondly, although the model sought to replace the 'traditional' stereotype of 'entrepreneurship' based on trait theory it has replaced this stereotype with four different stereotypes based on the individual's position in the life cycle. Thirdly, Chell (1985) suggested that the generalisations used to construct the model were constructed on a statistically limited collection of would be 'entrepreneurs'. Such a sampling methodology casts some doubt on the generality of the model. The final criticism Chell (1986) levelled at this model is the most significant to this literature review. It is suggested by Gibb and Ritchie that the reasons for starting a business are dependent upon the age of the 'entrepreneur' at the start-up of a business. This factor may influence the amount of experience an individual may bring to bear on the business in question and the number of constraints that affect their desire to bear risk. It may not explain, however, 'why' they have decided to start up their own business or help in any way to predict whether or not their business will be 'successful'.

In some ways this model is a step forward when compared to the displacement and psycho-dynamic models because it allows for a wider view of the variables involved in the business formation process. As well as this the social development model predicts that these different variables will have a different impact on the individual at different times in their life cycle. As one would expect this presents a complex picture of the influences affecting an individual's desire to start a business. Yet it is a complex picture that is much more realistic than the previous models discussed in this chapter. Although the social development model is in some ways a step forward from the psycho-dynamic and the displacement models in other ways it is not. The assumption that most of an individual's behaviour occurs because of their social context goes to the other extreme of the Nature - Nurture debate when compared with trait theory. This neglects some of the in-roads that the psycho-dynamic and displacement models had made when combining sociological and psychological factors in a model of 'entrepreneurial behaviour'. As Chell (1986) pointed out the social development model has tried to avoid the individualistic notions of previous theories but in doing so it has missed out the individual and ignored any impact of individual personality.

In terms of the framework constructed in Chapter One the social development model is significantly less unitary than the displacement and psycho-dynamic models. This model is somewhat less deterministic than previous models because it views past career choices and social factors as the two main influences on present behaviour. It is also less unitary because it introduces a large number of complex sociological factors and suggests they all have a varying influence on an individual's desire to become a business owner. Such an approach uses an epistemological stance that is much more holistic than the previous models examined. This is because it assumes that many factors such as; class, family, education, occupational choice, organisational work, social and work contexts and career development have an effect on the evolution of new ideas and 'entrepreneurial' ambitions. Not only is this model less unitary because it takes account of these factors it also suggests that these

factors differ in importance depending on the individuals position in the life cycle.

Table 4. 2. Summarises the assumptions of these approaches and the following chapter will continue the review of psychological theories by exploring recent social psychological approaches to the study of entrepreneurship.

Table 4. 2.

Summary of the Philosophical Assumptions of the Psycho-sociological Theorists

Category	Shapero (1971)	Kets de Vries (1977)	Gibb and Ritchie (1981)
Ontology	Reality is a concrete process	Reality is a contextual field of information; people can be displaced and they can 'feel' displaced.	Reality is a concrete process
Epistemology	Systems Building	Systems Building	Systems Building
Human Behaviour	"Man" as an adaptor	"Man" as an actor	"Man" as a responder
The Nature of Society	Society undergoes surface flux which hides actual structural relationships	Society goes through periods of radical change	Society is a relatively ordered
Perception of Entrepreneurship	Business Owners are Entrepreneurs	Explicit definition includes all business owners but implicit definition applied Schumpeter's creative destroyers.	Business Owners are Entrepreneurs

Chapter Five

Social-psychological Approaches

5. 1. Introduction

This chapter examines the social psychological approaches to the study of entrepreneurship. In this context social psychology means approaches to entrepreneurship that view the individual as a key factor in the process of entrepreneurship but also give consideration to the individual's environmental context. Unlike psychology, where behaviour is also considered to be a function of both the individual and the environment (Lewin, in Cartwright, 1951), social psychology and interactionism are concerned with the study of the individual, the environment and their interaction (Chell, 1985). Approaches in the area of social psychology, when compared to the psychological approaches already examined, are more holistic in their approach to behaviour. They are more holistic because they consider that many complex factors have a bearing on behaviour and that these factors may have a differing impact in different situations (Harré, 1979).

In recent years these approaches have mushroomed and have gained increasing significance within the field of entrepreneurship. A more integrated approach taking into account the environment, the individual, the organisation and 'entrepreneurial behaviour' has been the principal way forward for entrepreneurship research. In this way the extremes of the Nature - Nurture debate have been circumvented and there has been a growth in models that seek to provide a social psychological analysis of 'entrepreneurship' (Chell, 1985; Gartner, 1988). The key theories within this area have been Interactionism (Bird, 1988), Cognition (Shaver and Scott, 1991) and Social Constructionism (Chell, Haworth and Brearley, 1991; Chell, 1997; Chell, and Pittaway, 1998b).

5. 2. Interactionism

Interactionism in the field of entrepreneurship refers to approaches arising from the interaction of a number of factors, which can include, personality, situational variables, self perception, intentionality and propensity to act (Greenberger and Sexton, 1988). The essential purpose of interactionist models of entrepreneurship has been to bring together three broad concepts; intentionality, self-efficacy and situational components. Intentionality is an individual's desire to achieve a specific objective (goal) or a path of objectives in order to achieve something (means) and is derived from; an individual's personality, background, goals, beliefs and perceptions of the environment (Bird, 1988).

Self-efficacy refers to a person's belief that he or she is capable of executing a given task and is derived from; mastery experiences, observational learning, social persuasion and judgements of their own psychological and physiological states (Boyd and Vozikis, 1994). Situational components refer to the actual situational context at any given time and are derived from an unlimited number of variables that may influence the effectiveness of a given act (Naffziger et al. 1994).

The interaction of these three factors is taken to be the core variables influencing the 'entrepreneurial' process. Although most of the interactionist models constructed to this date concentrate primarily on self-efficacy and situational factors or intentionality and situational factors, the logical extension of this approach is a combined model integrating these three concepts. Boyd and Vozikis (1994) have presented such a model. It considers how an individual intends to start a business, how that individual's self-belief inhibits or contributes to whether they actually start a business and whether it is successful, and how the context at the time supports or impedes their decision.

From this brief introduction it is evident that underlying all of these models is an assumption that 'entrepreneurship' is the founding of a business where none existed before. There are two major types of model in this category. The first type is categorised as Cognitive Interactionism while the second is categorised as Processional Interactionism. Both types of model use similar

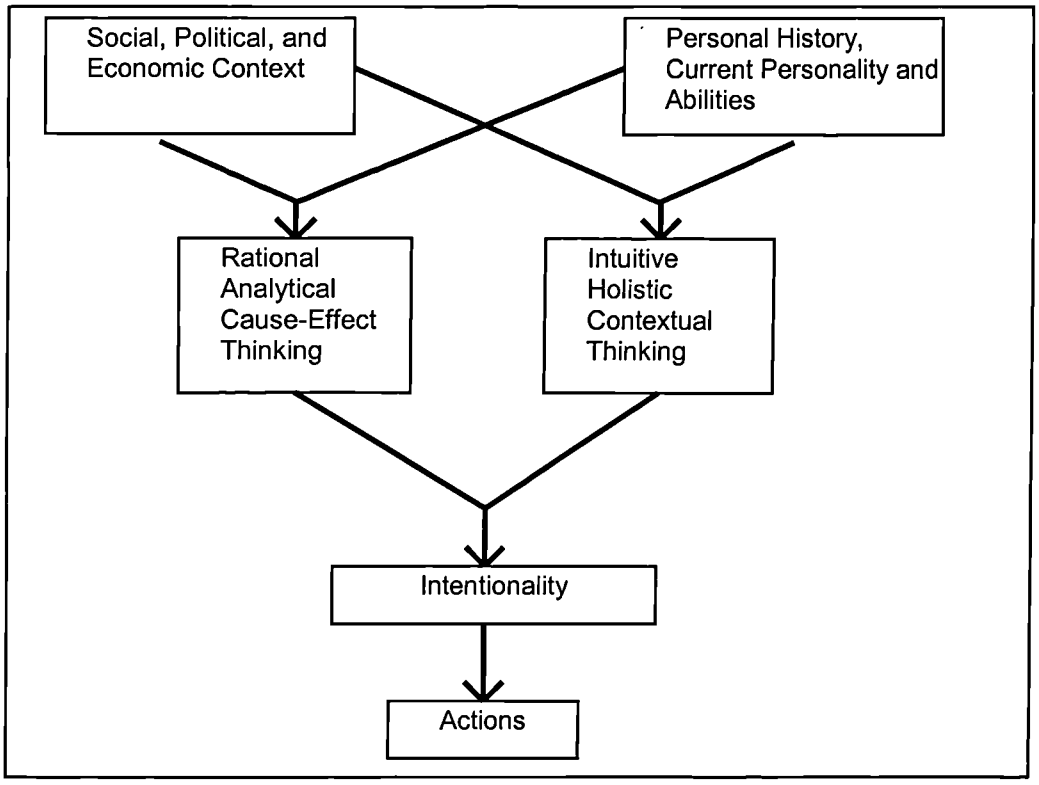
concepts, such as intentionality and propensity to found a business, but they apply the concepts differently. On the one hand, Cognitive Interactionism examines how social factors, past experience and environmental circumstances are perceived, become stored in an individual's mind and influence how that individual intends to act. On the other hand, Processional Interactionism presents a decision-making process where factors outside the individual influence their decision to start a business. The key difference between the two types is that the first type puts the emphasis on how the individual perceives the environment while the second type puts the emphasis on the 'actual' environment (as interpreted by the researcher).

5. 2. 1. Cognitive Interactionism

A model presented by Bird (1988) represents Cognitive Interactionism. The main purpose of Bird's model was to examine entrepreneurs' intentions. These intentions were considered to derive from an individual's psychology and were perceived to be the necessary precursors to any action. In this sense intentionality was conceived by Bird (1988) to be a state of mind that directed an individual towards a specific objective or a path of objectives that are directed towards an ultimate goal.

From Bird's review of the research on intentionality she made three points. First, entrepreneurial intentions are aimed at either creating a new venture or creating new values in an existing venture. Secondly, intentionality includes an internal dimension that is the entrepreneur's intention and external dimensions that are the intentions of other stakeholders. Finally, entrepreneurial intentions are achieved through two cognitive processes that are rationality and intuition. Following this exploration of the intentionality literature Bird (1988) presents a model that is reproduced as Figure 5.1.

Figure 5. 1.
The Contexts of Intentionality



Source: *Bird, 1988, p. 444*

The model presents the idea that the intention to start a business begins with the 'entrepreneur's' personal needs, values, wants, habits and beliefs that influence three factors; the individual's ability to create and maintain a temporal tension, to sustain strategic focus and to develop a strategic posture.

The concept of temporal tension draws on the idea that time is unalterable and that the further into the future one imagines the more significant uncertainty becomes and the more difficult it is to draw the imagined future into the present. When it takes a longer period of time for decisions to become reality the more discretion is needed and the greater the temporal tension. Bird suggests that business owners experience greater tension because they invest their own personal, financial and psychological well being into the decisions they make.

Time complexity is also different for business owners because of the less hierarchical nature of their businesses and because they must make decisions at different levels that have different time lags before becoming reality. For example, strategic decisions about the future direction of the business have a

longer time lag than operational decisions but both types of decisions may need to be made at the same time.

The second concept that influences an individual's intentions to act 'successfully' is their ability to sustain strategic focus or the ability to direct actions toward their desired goals. Bird distinguishes between business owners who are ends-oriented and business owners who are process-oriented. The process-oriented business owners have created ventures to use technical skills, satisfy their desire for independence and enjoy self-employment while the ends-oriented business owners pursue specific organisationally based goals.

As well as a different strategic emphasis Bird suggests that business owners differ in their ability to move from a 'tight focus' on day to day issues to a strategic 'zoom lens focus' of the wider environment. Business owners with more capacity to focus on the strategic direction of their business, suggests Bird, are more likely to outperform those that have a tighter focus.

The third concept, which is developing an intentional posture relates to the individual's values, needs, and perceptions about the environment and is constructed from two ideas. The concept of alignment suggests that a single purpose is only possible when one has internally agreed on a given direction. In other words, one has listened to the inner 'voices' that represent our differing needs, values and beliefs. The concept of attunement is an individual's ability to listen to others, seek information, their ability to learn from mistakes and their open-mindedness. According to Bird an intentional posture is achieved when personal and organisational alignment are in tune and when the business owner's attunement to the environment helps them to be aware of possible threats and opportunities.

Adding to this conceptual framework Boyd and Vozikis (1994) sought to introduce the concept of self-efficacy or the idea that a person's belief in his or her capability to perform a task will affect their intentions and their subsequent actions. The concept of self-efficacy was derived from social learning theory (Bandura, 1977) and meant an individual's belief in their ability to successfully undertake a particular task. Boyd and Vozikis suggest that self-perception will influence what an individual intends to do and their beliefs about the probability

of their success in the intended action. In other words, choices and actions are influenced by a perception of one's abilities. They also identified four sources that influence an individual's self belief about a given task; i) mastery experiences, where an individual's past experience in demanding situations helps them to believe in their future ability. ii) Observational learning, where an individual is able to estimate the skills and behaviour involved in a situation by observing others and by inferring from those observations whether or not they have the correct skills. iii) The strengthening of self-belief through social persuasion where other people give feedback on their beliefs of an individual's abilities and that strengthens the individual's own perceptions. iv) Individuals assess their own personal capabilities based on a subjective interpretation of their physiological, mental and emotional state.

The model they construct represents the idea that human behaviour is affected by 'conscious' goals and intentions and these are formed from the way individuals perceive their social and physical environment, the perceived future outcomes of their behaviour and their own perception about their ability to achieve intended courses of action. The basic principle of the revised model is that there are a number of antecedent factors that effect whether an individual will act as well as their intention to act.

When the underlying philosophical assumptions of these two models are analysed it is clear that Bird's model has a strong philosophical foundation without serious contradictions. The concept of temporal tension is reminiscent of the philosophical assumptions of Knight (1921) and Shackle (1979). The idea is that human beings only have an understanding of the present that the future is unknowable and the past is rapidly forgotten. This assumption is evident in the following quotation:

"The farther into the future that one has vision, the greater the uncertainty and the greater the temporal tension as one attempts to draw the future into the present", Bird, 1988, p. 445.

This assumption leads to Bird's ideas on time. The future time horizon, or the time it takes for a decision to become reality; time complexity, or the large number of different time horizons in which an entrepreneur will make decisions

and; fast dancing, or the speed in which decisions need to be made. It is evident that these concepts lead Bird to conclude that 'successful entrepreneurs' spend more time thinking about and visualising the future, tend to exhibit greater vigilance and intuition about future events, have better timing and can recognise the changing patterns of the environment more effectively. This is a powerful set of conclusions based on the ontological assumption that reality is subjective, interpreted by individuals through cognitive abilities, and, objective, existing outside the individual. The assumption feeds elegantly into a complementary assumption about human behaviour which is that human beings have the ability to interpret the objective world, their ability to do so 'correctly' will differ depending on their natural abilities, past experience and so on. The individual will then use this interpretation to try to build the future that they have visualised.

These philosophical assumptions have shifted a long way from the extremes of the functionalist paradigm and the assumptions so far highlighted can be described as interpretive. However, the assumptions of the cognitive interactionists are not completely interpretive. First, there is an assumption that intention to act *determines* behaviour. Although there are factors influencing an individual's intentions and Boyd and Vozikis introduced further antecedents, the assumption remains that intention is the main influence on behaviour. As with previous functionalist perspectives this replaces one determinism with another. If the philosophical assumption had been truly interpretive there would have been a discussion of choice and how different intentions are considered, analysed and compared according to the knowledge of the individual and their understanding of the environment. Of course human beings have many intentions, they may chose not to found and manage any business because there are more favourable options open to them.

Secondly, it is also a functionalist assumption that the intention to pursue 'organisational goals', for example the growth of the business, should make the individual more 'successful' than an individual who pursues other life style orientated goals. The implication is that the researcher ascribes their values, or wider political and societal values to the definition of success. An interpretive

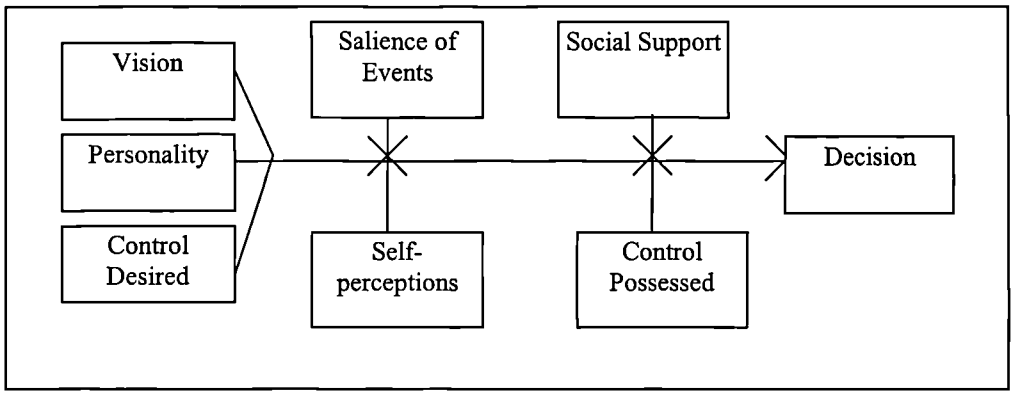
assumption would have to link the individual's intentions as they view them to the outcomes of their behaviour. If the intention is to restrict the growth of the business or if the intention is to close the business 'success' must be defined by outcomes and their relationship to the individual's intentions.

5. 2. 2. Processional Interactionsim

Processional interactionism differs from cognitive interactionism because its emphasis is on the decision making process of new venture creation rather than the individual's cognitive skills and perceptions. Research in this category seeks to explain the factors that impinge on an individual's desire to start a business and the factors that influence whether or not they actually start a business. There are three major approaches that can be described as processional interactionsim; Greenberger and Sexton (1988), Learned (1992) and Naffziger, Hornsby and Kuratko (1994).

Greenberger and Sexton (1988) use existing work in the field of new venture creation to construct a model that has three significant stages (Figure 5. 2. presents Greenberger and Sexton's model).

Figure 5. 2.
Greenberger's and Sexton's Model of New Venture Creation



In the first stage there are three factors that are considered to be catalysts, which may serve as initial stimulation for behaviour, and which help an individual to start thinking about a business venture. It is hypothesised that these factors may act individually or work collectively, the factors included: entrepreneurial vision, personality and desire for control.

Greenberger and Sexton (1988) suggest that a vision about a possible business may or may not be transformed into an intention to start a business at a later stage. Desire for control is defined as the individual's belief about the relationship between his or her actions and desired outcomes. In other words, desire for control is about an individual's motivation to seek control over their immediate environment and their belief about the extent of control that they have over their environment. Greenberger and Sexton used no clear concept about personality but they did refute the traditional trait concept. They suggested that personality would have an influence as a catalyst and would impinge on an individual's desire to start a business.

While the three factors, personality, vision and desire for personal control, may act as catalysts they do not actually determine whether or not an individual will actually start a business. For example, while all the catalysts may be in place the individual may choose to continue working within an existing organisation. For Greenberger and Sexton the second stage of the decision process, situational components, moderate whether or not the catalysts actually lead to a decision to start a new venture.

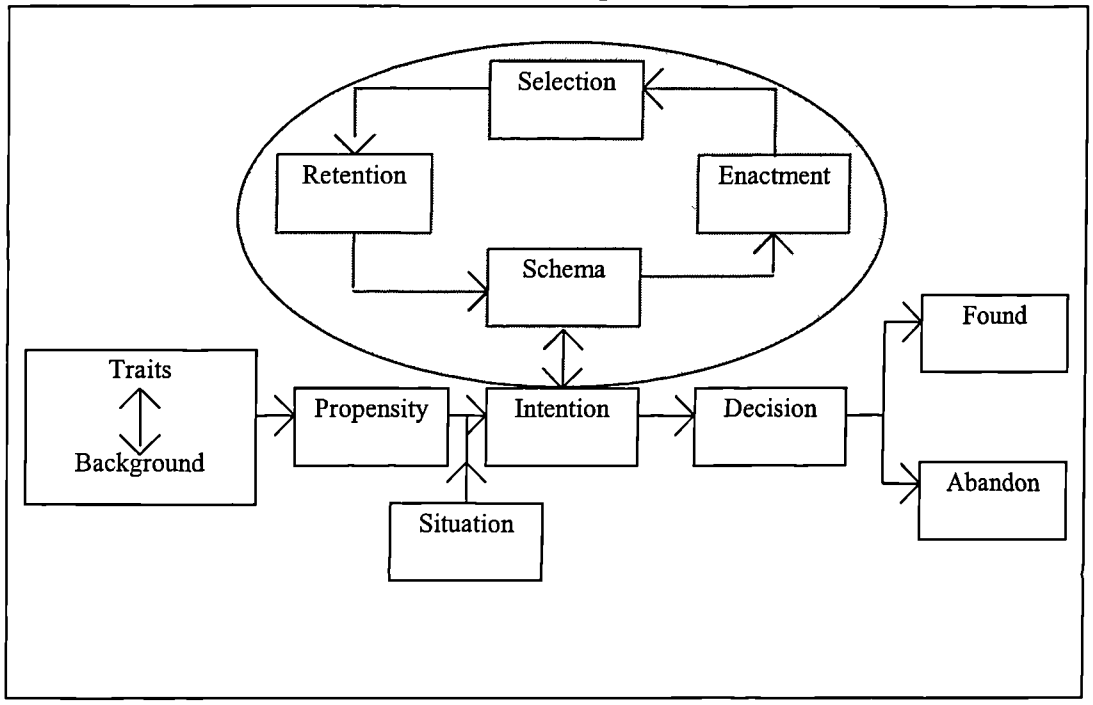
In this second stage of the decision making process they introduced four moderating factors that were drawn from situational factors. These variables included the salience of events, social support, self- perceptions and the control possessed by an individual. It is hypothesised that these factors will influence whether or not an individual will pursue their vision of starting a business.

Greenberger's and Sexton's (1988) model of new venture creation is, therefore, straight forward. In the first stage an individual will choose to act towards setting up a business and the catalysts will have influenced this choice. In the second stage the individual will consider whether or not their ideas will work in the current environment, as they perceive it and they will consider their ability to achieve their ideas. In the third stage they will make the decision to act and begin to put the necessary resources in place.

The next major contribution to research in the category of processional interactionism is a model constructed by Learned (1992). The model does not

follow on from Greenberger's and Sexton's but it does use the same underlying principles. Figure 5. 3. introduces Learned's model.

Figure 5. 3.
Learned's (1992) Model of Organization Formation



Source: Learned, 1992, p. 40

The model starts from person-level variables but again refutes the idea of trait theory without introducing any new explanation of personality. A number of potential influences are listed including; need for achievement, risk taking propensity, education, role models, moderators of experience, energy level, autonomy, harm avoidance, succorance, opportunity seeking, experience, intelligence, creativity, innovation, and health (Learned 1992). There is, however, no attempt to explain which factors may have an influence, it is only stated that at this stage it is not known which person-level variables will influence an individual's propensity to found a business.

The next stage of the model is the propensity to found a business which is considered to be a function of an individuals background and other situational factors that may have influenced their desire, ability or need to start a new business. The propensity to found a business is defined as the likelihood an individual will engage in 'founding behaviours' and it is suggested that such

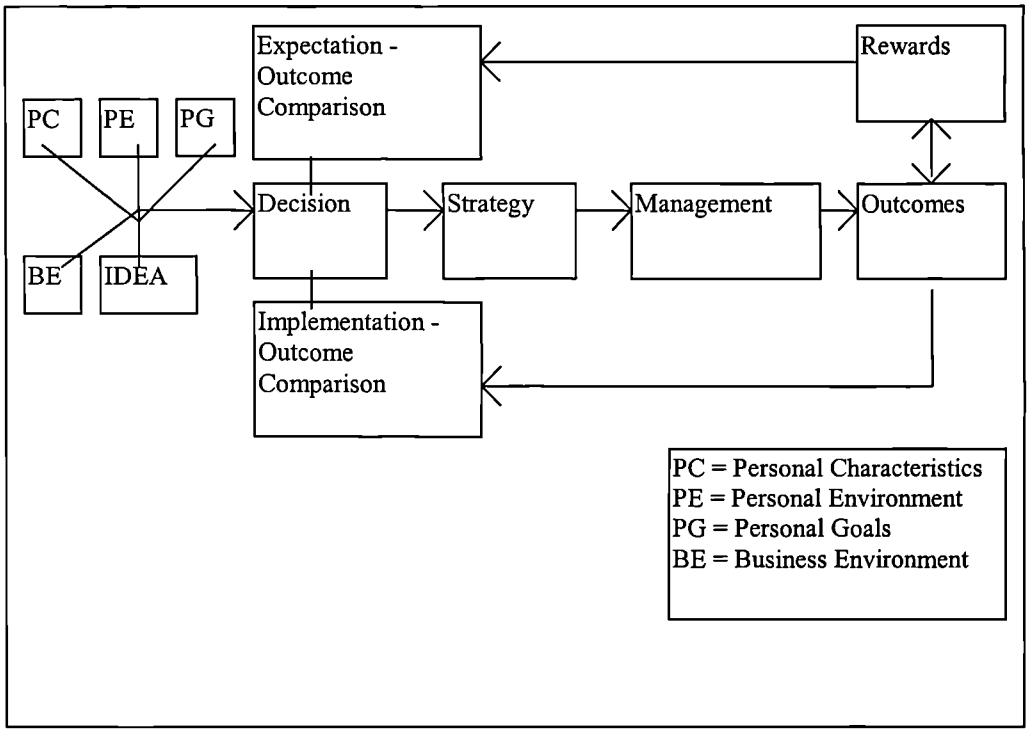
behaviours will vary depending on the level of an individual's propensity to found.

The third stage of the model introduces the concept of intention that is considered to mean an intention to act towards creating a new venture. It is suggested that intention to start a business arise out of the interaction between an individual's propensity to found and the actual situation.

The final stage of the process is the actual decision to found. The decision may be influenced by a specific event or it may occur as a result of an individual's processing of information in the environment. It is suggested by Learned that a decision to found or abandon an attempt to start a business may, therefore, be triggered by the accumulation of confirming or disconfirming evidence about the potential success of the enterprise as perceived by the individual.

The fourth major research model in this category was constructed by Naffziger et al. (1994).

Figure 5. 4.
Naffziger's et al's (1992) Model of Entrepreneurial Motivation



Source: *Naffziger, Hornsby and Kuratko, 1994, p. 33*

The decision to behave 'entrepreneurially' has five key variables; an entrepreneur's personal characteristics, the individual's personal environment, the relevant business environment, the specific business idea and the goals of the entrepreneur. Naffziger et al. (1994), as with the other theorists in this category, have chosen to ignore the debate about how one understands personal characteristics or personality. They have simply listed the characteristics; energy level, conformity, need for autonomy, persistence and dominance, desire for personal control and the desire to build something of one's own (Naffziger et al. 1994) as important influences on an individual's decision.

From the three models briefly described here it is evident that approaches described as processional interactionism use the models to suggest that 'entrepreneurship' is a decision process. A major criticism of the first two models (Greenberger and Sexton, 1988; Learned, 1992) is that they show how an individual may chose to do something but the models can be generally applicable to any decision and not necessarily *decisions about founding* businesses. It is also apparent that their emphasis is placed on business founding which did not take into consideration questions about the 'success' of the enterprise.

Using these models means that one would be able to identify what factors influence an individual's decision to start an enterprise but one's only measure of 'success' would be whether they succeed or fail when founding the business. Successfully founding a business, however, will not be the only criterion for success used by business owners, stakeholders and society more generally. For example, employees may consider employment opportunities as an important criterion for 'success', bankers may consider cash flow an important criterion; society may consider the contribution a business plays to economic growth an important criterion. At the very least it is appropriate to investigate whether or not the outcomes of a business venture meet or exceed the expectations of its founder.

Naffziger's et al. (1994) model does go some way to address this criticism by providing feedback loops which compare the business owners ideas with the business outcomes and the business outcomes with the business owner's

expectations. If these factors have an acceptable degree of alignment the business owner's behaviour is reinforced and s/he will, one assumes, continue to operate the business. While Naffziger's et al. (1994) model does address the business owner's expectations and interpretation of 'success' it does not address the expectations of other stakeholders and society, nor does it explain how different business owners choose different goals, objectives and, therefore, definitions of success. For example, a wider societal interpretation of 'success' may be the growth of a business providing jobs and new products. How does this definition of 'success' fit with one based purely on the objectives of business founders? Under these circumstances it is the business owner's ability to meet their own objectives and those of other people. Unfortunately none of the models consider wider expectations on the business outcomes and, therefore, assume that successfully founding a business is 'success'.

When one examines the philosophical assumptions underlying this category they do differ from those underlying the cognitive interactionist category. In the cognitive interactionist category the theorists assumed that reality was primarily subjective, this means that they assumed that part of reality existed outside of human beings and our ability to interpret it is limited. It was limited by cognitive capabilities and it was time bound, which meant that a human being's understanding of the outside environment was restricted by their present time frame. In other words, this is the recurrent idea that human beings cannot know the future and their understanding of the past is clouded by imprecise memories. The emphasis of the approach is thus directed towards the cognitive element involved when interpreting information from the environment.

The assumption that the processional interactionists make is slightly different. Theorists in this category assume that there is a larger degree of interaction between the subjective world and the objective world. They make the assumption that information exists about the objective world, that this information can be gathered and manipulated by human beings and that the exchange of information between the subjective and objective worlds contributes to an individual's understanding of their environment. As a result,

the emphasis of their approach is directed towards explaining how information from the environment is gathered and interpreted and how that impinges on a human being's decisions.

This assumption about reality led to a complementary assumption about human behaviour and thus influenced the way the models in this category were constructed. Models in this category use a similar assumption to the models in the cognitive interactionist category. Both sets of theorists view human beings as information processors, they see them as collecting information from their environment, analysing that information so that they can construct a perception of their surroundings and then using their view of their environment to make decisions about their subsequent actions.

The difference between the two categories revolves around their emphasis of study, the cognitive interactionists are drawn to explain how information is processed by human beings and the processional interactionists are drawn to explain how those perceptions lead to decisions and actions.

This difference in the emphasis of study has led to slightly different epistemological assumptions. On the one hand, the cognitive interactionists have concentrated on the pre-decision process ignoring choice altogether, while on the other hand, the processional interactionists have concentrated on the decision making and post decision processes putting more emphasis on choice. As a consequence the models constructed by the cognitive interactionists are slightly more deterministic than those constructed by the processional interactionists.

There are also a number of more general criticisms that have been made of interactionism and the assumptions that interactionists make about personality and 'entrepreneurship'. First, it is evident that all these approaches have assumed that personality remains a major influence on behaviour but they have not progressed from the traditional trait explanation of personality. It is evident that they have ignored any discussion about personality and its influence on cognitive and decision-making processes because they do not have a different explanation, wish to avoid using outdated personality theory but still think that personality must be important. Secondly, they assume that behaviour is largely

determined by the individual's personality and its interaction with the social context but cannot provide any theoretical explanation for the nature of this 'interaction'.

Although they have introduced situational factors and have given equal importance to the past and present social context they are unable to explain the degree of influence that different factors have on behaviour or the influence of personality. One of the problems for interactionism is, therefore, to explain which situational factors have an influence on business formation and to what degree do each set of factors influence the 'success' of the process. Two secondary questions arise from this problem, which are, how do you measure the influence of different factors on the business formation process? And, how do you measure the interaction between person level factors (personality) and situational factors?

Finally, the interactionist's approach to the study of entrepreneurship concentrates on behaviour. This, however, leads to the question; what counts as entrepreneurial behaviour? (Chell, 1997) To undertake such a behavioural approach one must start to define the extent and the scope of 'entrepreneurial behaviour'. This may require an *a priori* definition or an inductive approach developing a profile of defining behavioural types. As a result of this dilemma the interactionists have fallen back on the one characteristic or behavioural act which can be defined as 'entrepreneurial behaviour' with any certainty. The proposal is that *the* entrepreneurial act is business founding (Chell, 1997). This leads these researchers to assume that business founders are a homogenous population and that one should attempt to explain the actions, behaviours, motivations and decisions involved in the act of business formation.

Such approaches only help explain the act of business formation and assume that business founders are entrepreneurs. Assuming all business founders are entrepreneurs, however, is akin to assuming that a person who puts out a fire on one occasion in his/her life is a fireman (Chell, 1997). In terms of their ability to explain sustained entrepreneurial performance such approaches have limited value because; i) they do not provide criteria other than that of the initial act of founding as being indicative of entrepreneurial performance. ii)

They do not consider other stakeholders and/or iii) society's perceptions of 'entrepreneurship' and 'entrepreneurial success'.

5. 3. Cognition

'Cognition' refers to approaches that concentrate on the cognitive skills of the individual and their influence on choice. The emphasis of study is placed on the person, the process of social cognition and the exercise of choice. As such approaches of this nature concentrate on the way in which the external world is represented in the mind, the individual's exercise of choice and how that effects an individual's behaviour.

There have been very few research studies undertaken in this category and, thus, the following analysis will concentrate on a single paper by Shaver and Scott (1991). Shaver and Scott (1991) consider that person-level factors such as, past experience, family background and an individual's motivations and beliefs will have important influences on the new venture creation process but that the environment is crucial. They suggest that this is the case because the creation of a business is a social activity and, therefore, any psychological perspective will thus need to consider how the external environment becomes represented in experience and in an individual's mind. From this perspective they suggest that the process of social cognition, including aspects of attention, memory, categorization, and inference, will be important attributes in the success and/or failure of a business.

Shaver and Scott (1991) start by introducing cognitive heuristics and suggest that the process of opportunity recognition is a key ingredient of successful new venture creation, which is somewhat akin to Kirzner's (1982) perception of entrepreneurship. Opportunity recognition is important because individuals are not aware of environmental circumstances in the same way and because each individual's environmental circumstances are to some degree unique. As a result of these differences between circumstances and perceptions the individual's cognitive heuristics are tools that can be used to interpret the environment and identify opportunity. For example, one individual's collection of memories and ideas are different from another person's depending on what

they have read, experienced and remembered. From those memories and ideas a perception of the environment will emerge and their recognition of opportunity will rely on that perception. Even if two individuals had the same collection of memories and ideas, however, they would have different perceptions of the environment because they would put together those memories and ideas in different ways. Shaver and Scott (1991), therefore, suggest that cognitive heuristics guide judgments in conditions of uncertainty because an individual must develop an understanding of the environment from limited information.

Representations of external circumstances, both the individual's unique circumstances and their perceptions of those circumstances, are considered by Shaver and Scott (1991) to have an influence on opportunity recognition. Opportunity recognition is, however, only part of the equation, as far as they are concerned, of more importance is whether an individual chooses to undertake actions in pursuit of their perceived opportunity. There are two questions that they suggest a potential founder will ask: " Can I make a difference? And, Do I want to? The first question revolves around an individual's perception of control and the second question revolves around their motivations.

Unlike the locus of control concept the idea of control highlighted by Shaver and Scott is the loss of freedom to choose. They suggest that an affirmative answer to the question, can I make a difference, will rely on three factors. i) If the individual "*...considers the choice his or hers to make. ii) Has some initial success that can be activated internally, permitting iii) intrinsic interest in the project to be maintained." Shaver and Scott, 1991, p. 37.* The second question is also important because choice revolves around an individual's ability to do something *and* an individual's desire to do something. They thus suggest that motivations become an important element of choice, without a desire or motivation to pursue a certain scheme of choices towards an ultimate objective individuals are unlikely to start new ventures.

Shaver's and Scott's approach can be described as an interpretive approach to the study of entrepreneurship. First, unlike the interactionists they do introduce a different explanation when they critique previous approaches to the

entrepreneurial personality. They have suggested that cognitive heuristics or the way people assimilate information from their environment, will have important influences on the way they perceive the external world, the degree and type of opportunities recognised and the choices people make. By introducing cognition they disagree with the personological concept of personality and introduce a different mechanism through which people's choices and behaviour are influenced.

Secondly, they concentrate on choice and the extent to which antecendent factors influence an individual's decision to act in pursuit of a perceived opportunity. There are two key differences between this approach and those of the interactionists. In the first instance reality is assumed to exist in a predominantly subjective realm and the process through which an individual uses information and cognitive heuristics to develop a representation of the external world is inexact and differs between individuals. This assumes that while the external world does 'exist' it is the individual's perception of that world that is important. The individual's perception of the external world will influence their recognition of opportunity, there may be discontinuities between their perceptions and reality, and, their perceptions will guide their choices. The following quotation highlights this assumption.

"... it is the way in which the potential founder thinks about reality, not the external reality itself, that determines the outcome. " Shaver and Scott, 1991, p. 37

The second major philosophical assumption revolves around the question of free will and determinism. By assuming that reality is largely subjective and that it is an individual's perception of the external world that drives their subsequent actions, Shaver and Scott (1991) have placed a great deal more emphasis on human choice. Rather than behaviour being determined by a range of different factors individuals are considered to choose their behaviour. Shaver and Scott explicitly describe their position as 'soft determinism', by which they mean that the notion of complete determinism is incompatible with human experience of deliberate action and choice. They agree with the protagonists of free will, who suggest that mental events do not necessarily have external

courses but also agree with determinism that behaviour is caused by something, either an internal mental event or an external physical event.

These two philosophical assumptions are consistent with the interpretive paradigm even though Shaver and Scott (1991) describe their position on human behaviour as soft determinism. The assumptions are interpretive because they rely on a perception of reality that is socially constructed. In other words, an individual understands their outside environment by their interaction with it and by their interaction with other human beings in the social context.

5. 4. Social Constructionism

The social constructionist perspective of entrepreneurship was developed initially by Chell, Haworth and Brearley (1991) as a new explanation of the 'entrepreneurial' personality (Chell, 1997). It was designed to replace the traditional trait concept of the entrepreneurial personality and it used assumptions drawn from the social construction of personality (Hampson, 1982) and more recently from the social construction of reality (Chell, 1997; Berger and Luckman, 1966; Berger, 1967; Chell and Pittaway, 1998b; Chell, 2000). Following its initial development Chell has further added to, strengthened and improved the framework on which the social construction of the entrepreneurial personality was based (Chell and Haworth, 1993; Chell, 1997). This analysis will primarily draw from three significant pieces of work that have been designed to elucidate the assumptions and concepts underlying the constructionist's approach. The key texts used for this analysis were; *The Entrepreneurial Personality: Concepts, Cases and Categories, Chell et al. (1991), Profiling Entrepreneurs: Multiple Perspectives and Consequent Methodological Considerations, Chell and Haworth (1993), and, The Social Construction of the 'Entrepreneurial Personality, Chell (1997).*

Social Constructionism begins from the premise that a person's reality is constructed from experience and accumulated 'knowledge' about their general environment and their specific social context. This assumes that an individual constructs 'knowledge' about themselves and other people by labelling and categorising their thoughts, feelings and experience (Chell, 1997). The act of

labelling is perceived to be the method through which individuals externalise their thought processes when they wish to articulate ideas, beliefs and views. Reality is, therefore, perceived to be interpretive because an individual's own experiences and social interactions will enable them to build up a unique set of labels that they will use to understand present and future social situations. Human beings use this label set to understand their surroundings and choose how they will act, both in specific instances, and in the way they choose to interact with the world more generally. Individual's also use this unique label set to understand and categorise the behaviour of other people. Behavioural acts are labeled by all of us and form patterns of behaviour that we use to recognise the characteristic way a person deals with particular situations (Chell, 1997).

This use of labels to explain other people's behaviour enables a person to develop 'types' of people and situations that they use to guide behaviour. The 'subjective' world, or an individual's internal consciousness, is also labelled by individuals through their use of signs, symbols and language. This enables an individual's internal consciousness to be externalised and helps facilitate social interaction. By using language human beings are able to store, exchange and describe experience and 'knowledge' is able to transcend the temporal and spatial features of our environment. The social construction of reality, therefore, has five key features. i) Social interaction, past experiences and language enable human beings to construct labels, ii) which allow us to explain our environment and construct types of situations and people, iii) helping human beings to judge which behaviours are 'appropriate' in given situations and among certain groups of people. iv) Also helping human beings to externalise our inner consciousness. v) Which in turn supports the development of social interaction and language.

The social construction of personality uses these assumptions to present a different explanation of personality (Hampson, 1982). After providing a contentious critique of traditional trait theory Hampson (1982) suggested that personality traits do not reside within individual's but between actors in varying social contexts (Chell and Haworth, 1993). The point was made that in trait theory 'real' and 'perceived' personality are dichotomous. This assumes that

personality was internal and only personality theorists could explain it (Chell et al, 1991). In this sense, a trait is a descriptive category that an observer uses in the social context to describe behaviour of other people. By introducing multiple perspectives in an attempt to provide a more rigourous assessment of an individual's personality Hampson has highlighted a belief that personality is multifaceted (Chell, 1997).

Hampson (1982) uses the idea that traits operate like categorising concepts as a basis for a model of semantic categories. The method is based on 'real-world' knowledge, assumes that trait descriptions are imprecise and, therefore, uses the Wittgensteinian idea of 'family resemblance' (Chell et al., 1991). The concept of family resemblance is used to mean that labels for things (behaviours, inanimate objects, feelings etc.) are categorised according to their resemblence to other things. More specifically human beings group things together according to features that are common between things.

The concept of prototypicality was developed and meant that there are certain cases of description which are typical of a category and have all the key features of that category. There are, however, other cases of description that have features that existed in more than one category and were not typical of any one category. Chell et al. (1991) provide an example;

> *"...a mahogany dining table is more prototypical of the category 'table' than is a 'desk' (but)...a patio window (or patio door!) has many attributes of both the 'window' category and the 'door' category and is difficult to categorise and therefore not prototypical of either category." Chell et al., p. 35, 1991.*

Hampson (1982) suggests that the concept of prototypicality could be used to understand traits when traits are used to describe behaviour. Behaviours can be assigned to trait categories from different perspectives depending on their prototypicality. All trait categories will have 'fuzzy boundaries', in that some behaviours will be typical of certain traits and some behaviours will have features that are typical of more than one trait.

Trait categories and behaviour may also be interpreted differently by different individuals in the social context and investigations of behaviour will need to involve more than one perspective. The social construction of personality has seven key features; i) traits are categorising concepts that are

inferred from actual behaviour, ii) as such, personality metaphorically exists between individuals. iii) There are three types of perspectives about behaviour, the personality theorist's, the lay and self-perspectives. iv) Traits are 'woolly' categories, v) some behaviour has features which are typical of particular traits, vi) while other behaviour has features that are typical of more than one trait, but vii) traits are descriptive categories and are dependent on the interpretation of individuals.

Chell et al. (1991) used the underlying assumptions of the social construction of reality, the social construction of personality and the concept of prototypicality to develop a conceptual framework that they used to analyse entrepreneurship. The method used in the initial research was biographical and included the individual's own perceptions of themselves and other people's perceptions of them. The data produced was analysed using artificial neural networks and a number of categories of business owner, stage of business and growth orientation were produced (Chell et al. 1991).

Subsequent research using the critical incident technique, which was an unstructured qualitative interview, was used to add to and develop the categories identified in the initial research (Chell and Haworth, 1993, Chell, Hedberg-Jalonen and Miettinen, 1997). The categorization process was undertaken from two perspectives: first, the categorization of behaviour and features of behaviour as being prototypical of a particular trait; second, the categorization of a set of traits that were prototypical of a category of business owner.

The data collected concentrated on established and professionally managed firms deliberately excluding start-up firms. From the analysis of the data collected in their research Chell et al. (1991) were able to identify a number of categories of business owner and business growth. There were four categories of business owner; entrepreneur, quasi-entrepreneur, administrator and caretaker. The prototypical 'entrepreneur' and the prototypical 'caretaker' fell at opposite ends of a continuum. The prototypical 'caretaker' developed from Chell et al's. (1991) data was unlikely to use formal planning procedures (which often led to 'fire fighting' rather than strategic decision making), made little effort to develop a management team, had little strategic focus, often had

no desire to grow the business, had limited desire to change or innovate in more than a marginal way and tended not to delegate responsibility. The prototypical 'administrator' tended to head professionally managed businesses, had greater formality in their management procedures, used a consistent management style, tended to react to circumstances rather than initiate change, but were not reluctant to change when the need had been identified and tended to pursue opportunities with caution and in a controlled fashion. The prototypical 'quasi-entrepreneur' had some reluctance to pursue opportunities, tended to be less restless than entrepreneurs, was proactive and innovative, was capable of generating new ideas and actively sought change. The prototypical 'entrepreneur' tended to manage expanding businesses, they thrived on change, were adventurous, tended to pursue opportunities, were capable of generating new ideas, were proactive and innovative, and tended to demonstrate restless behaviour. There were also four categories of growth type and they were defined as;

"...In the prototypical expanding business the owner is not reluctant to change, intends to grow in terms of people employed, and has demonstrated growth over the past three years by increasing employment and floor space. In contrast, the declining business displays none of these attributes... In the rejuvenating business the owner has shown some reluctance to change but changing circumstances... result in some actual or desired growth... In the prototypical plateauing business, the owner is reluctant to change and consequently the business has experienced a period of arrested growth, whilst in the short term some contraction may have occurred." Chell et al. p. 72, 1991.

The development of the growth categories and the identification of prototypical behaviours that occurred in the business owner categories enabled Chell et al. (1991) to compare their categories of business owners with the growth profile of the businesses. From this analysis the heterogeneity of the small business owner population was highlighted. Although there was some relationship between the growth profile of the business and the categories of business owner the actual relationship was much more complex. For example, a 'caretaker' type of business owner might operate a medium sized or even large business that is rejuvenating, the business owner may even be the founder. This could occur because their 'entrepreneurial' attributes have changed over their

life course. At the beginning of their business these may have been important characteristics that have changed inline with different personal motivations (for example, they may want to pursue life-style-orientated goals). Another example of this complexity was an 'entrepreneur' business owner type operating a plateauing or declining business. This could occur where the business expanded too quickly or if an opportunity was pursued where there were not enough resources available.

Chell et al. (1991) made a number of conclusions about the problems involved when attempting to analyse the 'entrepreneurial' personality. In the first instance they suggested that the assumptions of consistency and frequency in previous assumptions about personality were inconsistent with the data they analysed. It was evident in the data that one business owner behaved on one occasion in a prototypically 'entrepreneurial' manner but did not consistently behave in that manner. In the instance that was used as an example the business owner was forced to make such a change in direction and in behaviour as a result of circumstances that were outside his control.

Such examples indicated to Chell et al. (1991) that prototypical categories had 'fuzzy boundaries' and that they were categories of behaviour rather than categories of people. The problematic nature of person categorisation was further highlighted by the existence of subordinate level categories of business owner. Chell et al. (1991) also concluded that the idea that an entrepreneurially led business must necessarily be successful was at divergence with the data they collected. For example, an individual can demonstrate behaviours that are prototypical of the 'entrepreneur' category without necessarily running a successful business and many non-entrepreneurially led businesses do make profit.

This can occur for two reasons; first, some individuals using prototypical behaviours of the 'entrepreneur' category may change or grow at such a rapid rate that they outstretch their resources and, secondly, it is difficult to define 'success' when discussing small businesses because of the unavailability of data. These factors led Chell et al (1991) to one final conclusion which was that the difficulties of measuring 'success' in small businesses needed researchers to

develop a broader category of growth orientation that takes into account general growth and the individual's attitude towards growth.

The philosophical framework constructed by Chell (Chell et al. 1991; Chell, 1997) to support her research into the entrepreneurial personality is consistent with the interpretive paradigm of Burrell's and Morgan's framework. It is evident that the ontological assumptions used derive from the social construction of reality and suggest that reality is both subjective and objective. Social reality has a degree of subjectivity because each individual's experiences and accumulated 'knowledge' are unique which leads them to develop a different label set from other individuals. Social reality is also objective because labels exist between individuals and are used to describe behaviour, feelings, beliefs and ideas. In other words, labels, categories of labels and types constructed from categories, are the mechanisms human beings employ to share reality through language.

The assumptions that are made about behaviour in the social construction of personality are consistent with these ontological assumptions. The social construction of personality is essentially a theory about how human beings construct labels to describe behaviour and create a common understanding. In this sense, it concentrates on the categories created, tries to explain the typical features of the categories and explains how individuals in the social context interpret behaviour. This is an important contribution to our understanding of personality and draws personality theory into the realm of interpretive social science.

Likewise Chell et al. (1991) have contributed to our understanding of the entrepreneurial personality by identifying that prototypical categories of personality represent behavioural types rather than individual people, that these types have 'fuzzy boundaries' and that individuals will sometimes operate in different behavioural categories. Unfortunately the emphasis the social construction of personality has placed on identifying these behavioural types has led researchers to miss an important implication of the social construction of reality. The implication concerns free will. The social construction of reality assumes that human beings have a degree of choice. To some degree they

choose experiences, they choose which factors, information and knowledge from the social context they assimilate and they choose how to assimilate it. Human beings choose how to construct their label set that explains their social reality, they choose how that label set influences their behaviour and they choose their behaviour. An important factor that sits alongside the social construction of personality is choice. Human beings use labels (traits) to describe each other's behaviour and they choose to act in response to their interpretation of other people's behaviour. In this sense, a business owner may sometimes choose to act in a prototypically 'entrepreneurial' fashion while at other times choose to act in a prototypically 'caretaker' fashion. The ability of the business owner to recognise different strategies of behaviour and to choose appropriate strategies in relation to their objectives, desires and the social context is an important element of the social construction of reality.

There are also criticisms of the social constructionist approach that exist at an operational level. First, the prototypical 'entrepreneur' is described as being able to recognise opportunity and this view is confirmed in the data analysed by Chell et al. (1991). This emphasis on opportunity recognition rather than the 'entrepreneur's' ability to create opportunity occurred because of the emphasis on the social construction of personality rather than human action. It is evident that some prototypical 'entrepreneurs' will create opportunity by developing new or different combinations of ideas as well as being able to identify opportunity in an existing market. This is an important dichotomy that has been overlooked by the social constructionist approach and may indicate two sub-prototypes of 'entrepreneurial' behaviour, behaviour that involves the development of new ideas and behaviour that indicates an ability to process data from the environment, to recognise and exploit existing opportunities.

Secondly, one of the operational constraints on the social constructionist perspective is the difficulty involved in getting different perspectives on a behavioural act in a particular social situation. This criticism is particularly acute when studying the behaviour of small business owners. Most of the data gathered to this date involves the implicit self-perspective of the business owner and the explicit perspective of the researcher. As such the lay perspective is not

represented and there is an inevitable degree of interpretation surrounding the business owners' self-perspective.

Thirdly, the critical incident technique is retrospective and as a consequence there is a degree of potential re-orientation by the business owner about the facts surrounding a particular incident, their response to that incident and the outcomes of the incident. Although there are some weaknesses at an operational level the overall philosophical structure of the social constructionist approach is consistent and there are no significant contradictions.

This chapter has reviewed contemporary approaches, using social psychology, to research and understand 'entrepreneurs'. The review has analysed the philosophical assumptions of the literature and these conclusions are reported in Table 5. 4. The following chapter will conclude the literature review by drawing together all of the literature and it will provide a holistic picture of the philosophical assumptions underlying the literature review. This approach represents a broad sample of the literature and is thus representative of previous study examining the subject of entrepreneurship.

Table 5. 4.

Summary of the Philosophical Assumptions of the Social Psychological Theorists

Category	Cognitive Interaction-ism	Processional Interaction-ism	Cognition	Social Construction-ism
Ontology	Symbolic Interaction-ism	Contextual-ism	Social Construction-ism	Social Construction-ism
Epistemology	Information Exchange	Systems Theory	Social Cognition	Symbolic Discourse
Human Behaviour	"Man" as an information processor	"Man" as an information processor	"Man" as an actor	"Man" as an actor
The Nature of Society	Society is organic	Society is organic	Society has structural flux	Society has structural flux
	New Venture Creation	New Venture Creation	New Venture Creation	Growth orientated business owners.

Chapter Six

Conclusions of the Literature Review.

6. 1. Introduction

This chapter will conclude the literature review, discuss the implications that arise from the analysis of the philosophical assumptions underlying the study of entrepreneurship and identify the limitations of the technique used. There are two major areas to consider.

1. Conclusions about the study of entrepreneurship from the analysis of philosophical assumptions underlying key approaches?
2. Conclusions about Burrell's and Morgan's (1979) conceptual framework following its application to the study of entrepreneurship?

The conclusion of each section of the literature review will highlight a number of statements about the subject, indicate further avenues for research and highlight the implications that arise. This chapter will thus draw a picture of the field of 'entrepreneurship' and explain why there is a lack of consensus regarding purpose, theoretical perspective, focus, level of analysis, time frame and methodology (Low and MacMillan, 1988). The conclusions drawn from this approach will indicate where fundamental differences in philosophical assumptions occur and identify a number of different research paradigms. Such an approach will contribute to the study of entrepreneurship by showing where researchers are *not* analysing the same phenomenon despite using the same terminology. It will show how some research paradigms have grown and are growing to dominate the study of entrepreneurship and explain how this may be detrimental to the field as a whole. These conclusions will facilitate and guide the construction of a conceptual framework and methodology using Social

Constructionism that will build a solid, consistent and coherent philosophical foundation for the field research of this study and future study.

At the start of this thesis it is stated that 'everything has a beginning' and, indeed in relation to social scientific inquiry, it is evident from this analysis that the beginning is a 'frame of reference'. As with concepts about phenomenon philosophical assumptions contribute to an individual's 'frame of reference'. It is evident that researchers themselves are bound by a 'frame of reference' that influence how they define a phenomenon, the type of knowledge they collect and the approaches they use to collect it. The following analysis will show that the study of entrepreneurship is not free of this problem. Indeed, it is because *'the beginning'* is so diverse between researchers that there is so little agreement about the basics of the research process. This is because 'entrepreneurial behaviour' by its nature is strongly influenced by assumptions about human behaviour. The nature of human behaviour is, of course, open to fundamental philosophical debate without definitive answers.

Another reason why there is such diversity in the study of entrepreneurship is because it is a relatively young field of study. As a 'young' subject many researchers are attracted to it from different disciplines, schools of thought within disciplines and, as a result, apply diverse sets of philosophical assumptions that are drawn from many research paradigms. So researchers who are drawn from different disciplines and schools of thought will naturally apply the different *"...trapping devices" (Kilby, 1971, p.1)* which are used in that discipline or school of thought. What is not recognised is that those 'trapping devices' are also connected to assumptions about; *'what it means to hunt, how to hunt, the nature of animals in general, the nature of the animal being hunted and the nature of the environment in which the hunt will take place'*. Given that many researchers are currently drawn into the study of entrepreneurship from diverse research paradigms it should not be surprising that there is diversity because these are the symptoms of different philosophical assumptions.

In this thesis one of these variables, the focus of study, has been restricted, and the analysis concentrated on approaches concerning 'individual entrepreneurship'. Yet even within this narrower approach considerable

diversity has been discovered in the philosophical assumptions underlying different approaches.

When such a situation of diversity has occurred in the past different research paradigms have tended to contest for predominance (Kuhn, 1962). Although it takes time for disparate approaches to become research paradigms and for these research paradigms to compete it is evident that this process may have begun in contemporary entrepreneurship research. The following analysis will identify the research paradigms that have arisen from this analysis and debate this point further.

6. 2. Conclusions

The first area of conclusion is to analyse the philosophical orientation of the study of entrepreneurship according to the paradigms constructed in Section One. These conclusions will concentrate on summarising the nature, type and position of philosophical assumptions made by researchers studying entrepreneurship in relation to one another. There are two key areas of summary, assumptions made by economic theorists and assumptions made by theorists who have been broadly categorised under the heading of psychological approaches. The purpose of the following summary is to identify a holistic picture of the assumptions made when studying entrepreneurship that can lead to conclusions about the overall orientation of the subject area.

6. 2. 1. Summary of Economic Approaches

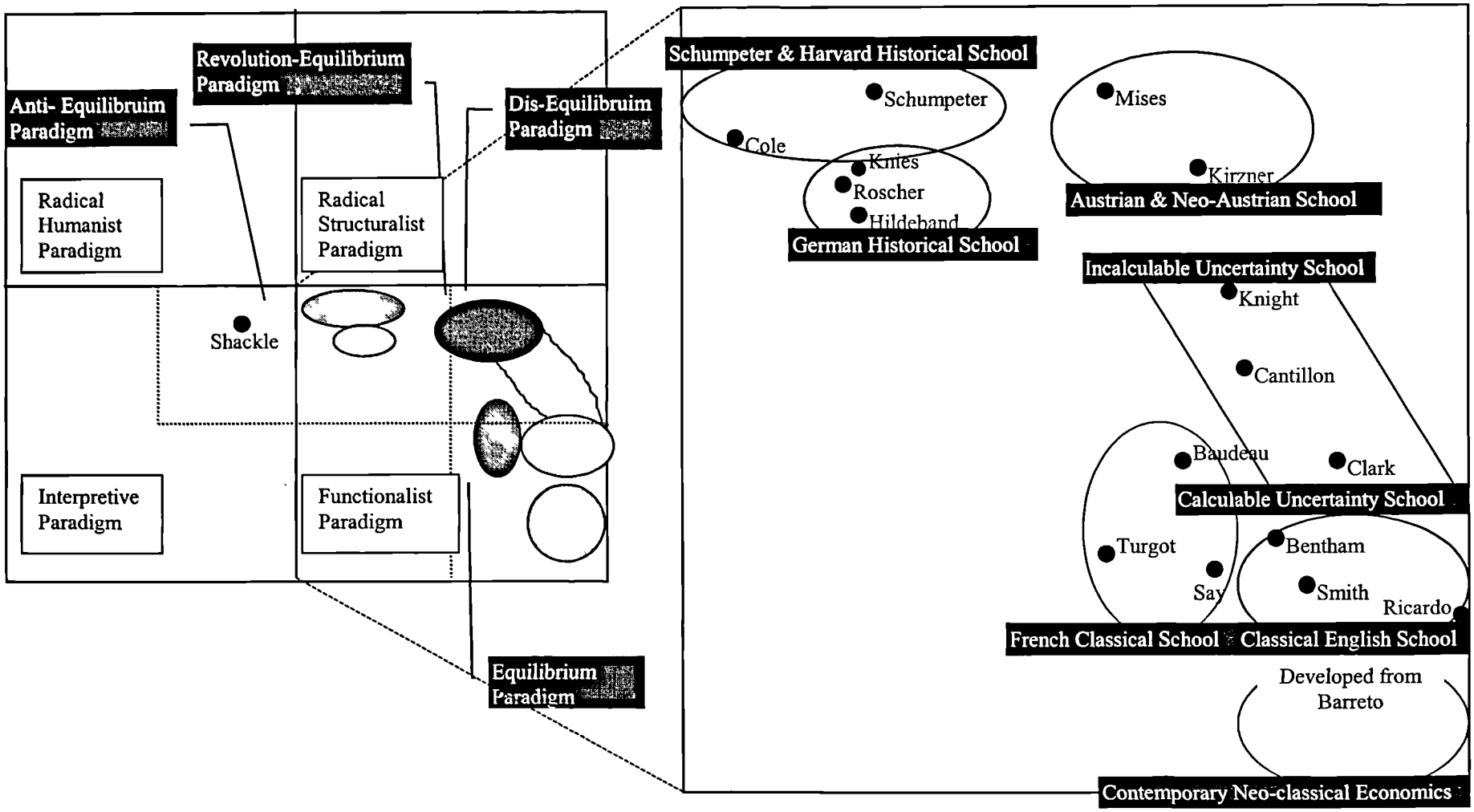
The choice of economic approaches reviewed revolves around the need to identify ideas, concepts and theories that contributed towards an understanding of economists' perspectives about the 'entrepreneur' as an individual. Despite this necessity it is evident that economic theories have drawn from a range of different philosophical traditions that can be loosely collected into paradigms which fit within Burrell's and Morgan's (1979) conceptual framework. It is these paradigms within economics that can be highlighted as evidence against Gunning's (1991) assertion that economics has evolved and gained cumulative

authority in the same sense that natural sciences are thought. Figure 6. 1. shows a visual summary of the economic theories analysed in this review.

The first point that is evident from this summary is that the vast majority of economic approaches use functionalist philosophical assumptions to help construct their theories on entrepreneurship. All the economic theorists, with the exception of Shackle, sought to explain entrepreneurship by attempting to explain how the economic system worked and what *function* 'entrepreneurial' behaviour had in that economic system. By trying to explain the function of entrepreneurship in the economic system these theorists assume that 'entrepreneurial' behaviour is a universal phenomenon. In other words, that as a phenomenon entrepreneurship exists throughout society, that one theory or explanation will make the subject understandable and that economic theorists just need to find the 'right' explanation.

The theorists, however, disagree vociferously about the nature of the 'entrepreneurial' function and there are distinctions between different theorist's interpretations. For example, theorists considered entrepreneurship to be forms of behaviour, types of decisions and types of people (who have certain responsibilities or skills). This desire to explain the universal features of the subject is a typical feature of the functionalist paradigm (Burrell and Morgan, 1979).

Figure 11. 1.
Summary of Economic Approaches



Another typical feature of the functionalist paradigm is determinism. Some form of determinism was typical of the economic approaches to the study of entrepreneurship. For example, 'entrepreneurs' were reduced to powerless figureheads of firms in the extreme determinism of Neo-classical economics (Barreto, 1989) and were considered to be creative but their capacity to be creative was determined by psychological factors in the soft determinism used by Schumpeter (1934). The key factors that linked all economic approaches in the functionalist paradigm, therefore, were some form of determinism and attempts at universal explanations about the subject of entrepreneurship (however defined). Shackle (1972) was the only economist reviewed in this analysis that applied philosophical assumptions that are from the interpretive paradigm.

From the summary of assumptions shown in Figure 6. 1. it is also evident that there are four distinct 'Schools of Thought' that have applied different frameworks to explain the phenomena they have observed. These have been described as; the Equilibrium Paradigm, the Dis-equilibrium Paradigm, the Revolution-Equilibrium Paradigm and the Anti-equilibrium Paradigm. The key differences between paradigms have been assumptions made about the nature of human behaviour and the nature of society, particularly the extent and influence of change within and upon society.

6. 2. 2. The Equilibrium Paradigm

The equilibrium paradigm features mainly Classical and Neo-classical economists who have sought to develop models of the economic system that are mechanistic. Such models imply that there are fundamental laws that govern the economic system and theoreticians should seek to identify these laws. The models are mainly prescriptive and assume that there are concrete principles that explain society. The suggestion is that when these principles are identified human beings will be able to acquire knowledge of the economic system. As a result, theorists in this paradigm assume that human behaviour does not significantly impact on these laws or that at a collective level human behaviour can be explained by laws. Change to the economic system is also considered to

be an insignificant factor because the models suggest that the economic system is stable or in equilibrium. Thus any change is explained by underlying laws or is ignored as insignificant. By reducing the impact of individual human behaviour and change equilibrium theories have predominantly applied philosophical assumptions about the social world that have been acquired from the study of the natural world.

6. 2. 3. The Dis-equilibrium Paradigm

The dis-equilibrium paradigm features mainly Austrian and Neo-Austrian economists but also includes theorists such as Knight (1921) and Cantillon. Rather than attempt to construct equilibrium models of the economic system based on laws theorists in this paradigm have sought to explain the economic system by observing what is actually happening. This has led to descriptive models that explain the economic system as it is observed (by these theorists). Such models have identified that in the 'real' economic system equilibrium does not occur and have sought to explain this by using the concept of dis-equilibrium. This is the idea that opportunities for profit exist in the economy because there are inequalities between the supply and demand of products (and services). Actions that exploit these opportunities, however, are balancing factors that eventually push the system towards equilibrium. The economic system never reaches equilibrium because new opportunities that had always existed are recognised and exploited.

This dis-equilibrium paradigm applies two important philosophical assumptions that differentiate it from the equilibrium paradigm. These are the use of a concept of human action and an assumption that society changes in an incremental fashion. Human action, or the ability of humans to manipulate the physical world, is used in two slightly different ways. First, to explain how individuals recognise opportunity and secondly, to explain how they exploit opportunity. The assumption about change enables these theorists to abandon purely mechanistic explanations of the economic system and use an organic metaphor to explain how the economic system works.

6. 2. 4. The Revolution-Equilibrium Paradigm

The Revolution-Equilibrium Paradigm includes approaches that originate from Schumpeter's perspective about entrepreneurship. Two types of philosophical assumption also differentiate this paradigm from the other paradigms identified. First, theorists take the concept of human action a step further. They suggest that individual human beings have more responsibility for creating opportunities in their social and physical environment. This differs from the dis-equilibrium theorists who suggest that individuals react to environmental circumstances. In this paradigm individuals can create circumstances. The distinction occurs because in the dis-equilibrium paradigm human action is introduced at the collective level, collectively human beings can change their physical world, while in the revolution-equilibrium paradigm human action is introduced at the individual level, each individual human being can create their immediate environment.

Both sets of theorists continue to apply determinism but it is less extreme than that used in equilibrium models. In dis-equilibrium models it is in the form of sociological determinism (human behaviour is determined by the social environment). In the revolution-equilibrium models it is in the form of psychological determinism (human behaviour is determined by individual psychological makeup and/or personality).

The second major factor that differentiates this paradigm from the others, and which derives from the first, is the assumption that economic systems experience radical changes that alter fundamentally the distribution of resources. After these fundamental changes the economic system returns to an equilibrium situation. This assumption uses a transmutation metaphor to explain how change occurs in the economic system. Put more simply theorists explain change in the economic system by suggesting there are periods of radical change that alter the entire structure and nature of the economic system and those changes are followed by periods of stability. The key purpose of theorists in this paradigm is to explain how radical changes in the economic system occur but they accept that there are periods where equilibrium models can explain the allocation of resources.

6. 2. 5. Anti-equilibrium Paradigm

While the previous three paradigms have applied functionalist assumptions the anti-equilibrium paradigm, which is derived from the work of Shackle (1979), applied interpretive assumptions. The assumptions made in this paradigm reject determinism and any concept of equilibrium.

There are two key ideas about human behaviour that differentiate this paradigm from the others. First that human beings are restricted by their cognisance of the external environment. Second that the future social and manipulated physical environments are indeterminate. The assumption is that human beings must make choices about their actions in response to their perception of their current milieu and try to create their imagined future milieu. This assumption about human behaviour led to an anti-equilibrium thesis because it implied that change and degrees of change in the economic system were not necessarily 'real' and even when they were it was individual perceptions that counted and influenced their choice of actions. For example, the sudden sale of a company's stock is as much influenced by investors perceptions as it is by the 'real' financial health of a company.

By introducing voluntarism the suggestion is that equilibrium models have limited value because they assume that human beings behave rationally. According to theorists in this paradigm human beings do not behave rationally because they have restricted knowledge about the present and can only imagine the future. As a result, human beings choose to act on what they think they know, although they do not often act irrationally they can only use limited rationality. In other words, the assumption is that human beings gamble on what they think they know to try and create something they imagine.

6. 2. 6. Discussion of the Economic Approaches

What this analysis has shown is that there are four distinct modes of theorising about entrepreneurship in economic theory. It identifies that these modes of theorising are a consequence of different philosophical assumptions about human behaviour and change in and to the economic system. It is argued

that different modes of theorising will lead to the recognition of different phenomena, the use of different methods to investigate phenomena and, therefore, the presentation of different results and conclusions.

Some recent authors who have analysed economic theories of entrepreneurship have also suggested that there are differences underlying approaches to the subject (Hébert and Link, 1988; Binks and Vale, 1990; Harper, 1996). This analysis differs from these approaches because it identifies a possible cause. The cause is the underlying assumptions made in each of the four Schools of Thought. By recognising that there are key differences, however, these theorists have been able to describe them and present new ideas based on this recognition. These new ideas have not identified why the differences occurred but no analysis would be complete without some discussion of their solutions.

Hébert and Link (1988) in their book *'The Entrepreneur: Mainstream Views and Radical Critiques'* reviewed the economic approaches to the study of entrepreneurship and identified taxonomy of entrepreneurial theories (Hébert and Link, 1988, p. 152). From the taxonomy they propose a definition that is designed to synthesise the subject of study and is similar to Casson's (1982).

> *"We define the entrepreneur as someone who specializes in taking responsibility for and making judgmental decisions that affect the location, the form, and the use of goods, resources, or institutions" Hébert and Link (1988, p.155)*

They also concluded that an 'entrepreneur' is a person and not a team, committee or organisation, who is able to have a comparative advantage in decision making and who makes decisions that run counter to conventional wisdom. Harper (1996) responds to these differences by presenting a new paradigm for an economic theory of entrepreneurship based on a growth of knowledge research programme (Popper, 1963). Binks and Vale (1990) in their book *'Entrepreneurship and Economic Change'* also seek to synthesise the subject based on different categories of entrepreneurial events.

Of these contemporary approaches Binks' and Vale's (1990) is the most pertinent to this analysis. They were able to identify four separate events in the economic system that theorists studying entrepreneurship had sought to explain.

First, the catalytic event, which is a unique event that radically changes part or all of the economy in way that was not anticipated. Second, the allocating event where opportunity continually emerges for new combinations of resources that fulfils existing market gaps created by the catalytic event. Third, the refining event where continued improvements are made to existing products and services and fourth, the omega event where discontinuity is created in the marketplace as a result of restructuring and competition. The recognition of these events is important because it identifies that there are different forms of entrepreneurship fulfilling different roles in the economy. These events also mirror the three paradigms identified in this analysis. What this analysis can suggest is that within economic theory there are three (or four) separate 'entrepreneurial' phenomena. Theorists analysing entrepreneurial behaviour need to be willing to recognise the different forms of behaviour that are key to these different events. In other words, different forms of human action cause different events.

Unfortunately, Binks and Vale sought to create a synthesis from the events they identified. Such an approach is typical of an economist's mode of theorising. If one can recognise different forms of phenomena economists invariably seek to create a synthesis from these phenomena and produce an integrated holistic theory. This is an important method to help explain the wider economic system but it can be detrimental to an understanding of how different behaviours and actions lead to different events. The application of determinism in most economic theory means that they suggest implicitly that the economic events cause behaviour rather than the other way around.

What is also evident from this analysis is that Binks and Vale were able to recognise these different events from the different modes of theorising employed by theorists in the three paradigms. This means that each paradigm is competing to present explanations about entrepreneurship and the economic system. There are a number of implications surrounding this.

1. There are at least four different economic events that exist under the 'umbrella' term entrepreneurship. The catalytic, the allocating, the refining and the omega events.

2. Multiple modes of theorising (using different philosophical assumptions) are valuable because they are able to identify different phenomena.
3. The different modes of theorising produce different results and conclusions and, therefore, aiming for consensus on a subject is unrealistic.
4. When different modes of theorising have identified different phenomena other paradigms can investigate these phenomena using their own frame of reference.
5. It is important for theorists to be explicit about their own mode of theorising.

In conclusion of the economic literature there is a salutary tale. Not all of these paradigms are appropriate for the study of entrepreneurship. If one accepts an extremely deterministic view of human behaviour what place is there for any form of purposeful behaviour (whether proactive or reactive)? Hébert and Link (1988) make this point which is also echoed in Barreto's (1989) work.

> *"One lesson to be learned from all of this is that the problem of the place of entrepreneurship in economic theory is actually not a problem of theory. It is a problem of method. The history of economic theory clearly demonstrates that the entrepreneur was squeezed from economics when the discipline attempted to emulate the physical sciences by incorporating the mathematical method. Clearly, mathematics brought greater precision to economics, and thereby promised to increase powers of prediction. Yet the introduction of mathematics was a two-edged sword. Its sharp edge cut through a tangled confusion of real world complexity, making economics more tractable, and accelerating its theoretical advance. However, its blunt edge bludgeoned one of the fundamental forces of economic life – the entrepreneur. Since there was not then, and is not now, a satisfactory mathematics to deal with the dynamics of economic life, economic analysis gradually receded into the shadows of comparative statics, and the entrepreneur took on a purely passive, even useless, role." Hébert and Link, 1988, p. 158.*

Although, this analysis disagrees that it is the method of mathematics that caused the problem, and suggests instead, that it was underlying assumptions about knowledge and reality that caused the problem (that often led to the use of

the mathematical method). The problem itself is salutary because it shows a number of key conclusions.

1. That any approach that ignores the dynamic nature of the economic (or social) environment may fail to understand the various meanings of 'entrepreneurial behaviour'.
2. That any approach that ignores the influence of individual (or collective) action may reduce entrepreneurial behaviour to an irrelevance.
3. That any approach that ignores human choice may miss useful understanding by failing to integrate entrepreneurial action (or practice) into the analysis.

The essential point is that the majority of economic theory adopted the equilibrium paradigm and applied philosophical assumptions that ignored the three key factors identified above. In doing so they eradicated any meaningful concept of entrepreneurship from their enquiry.

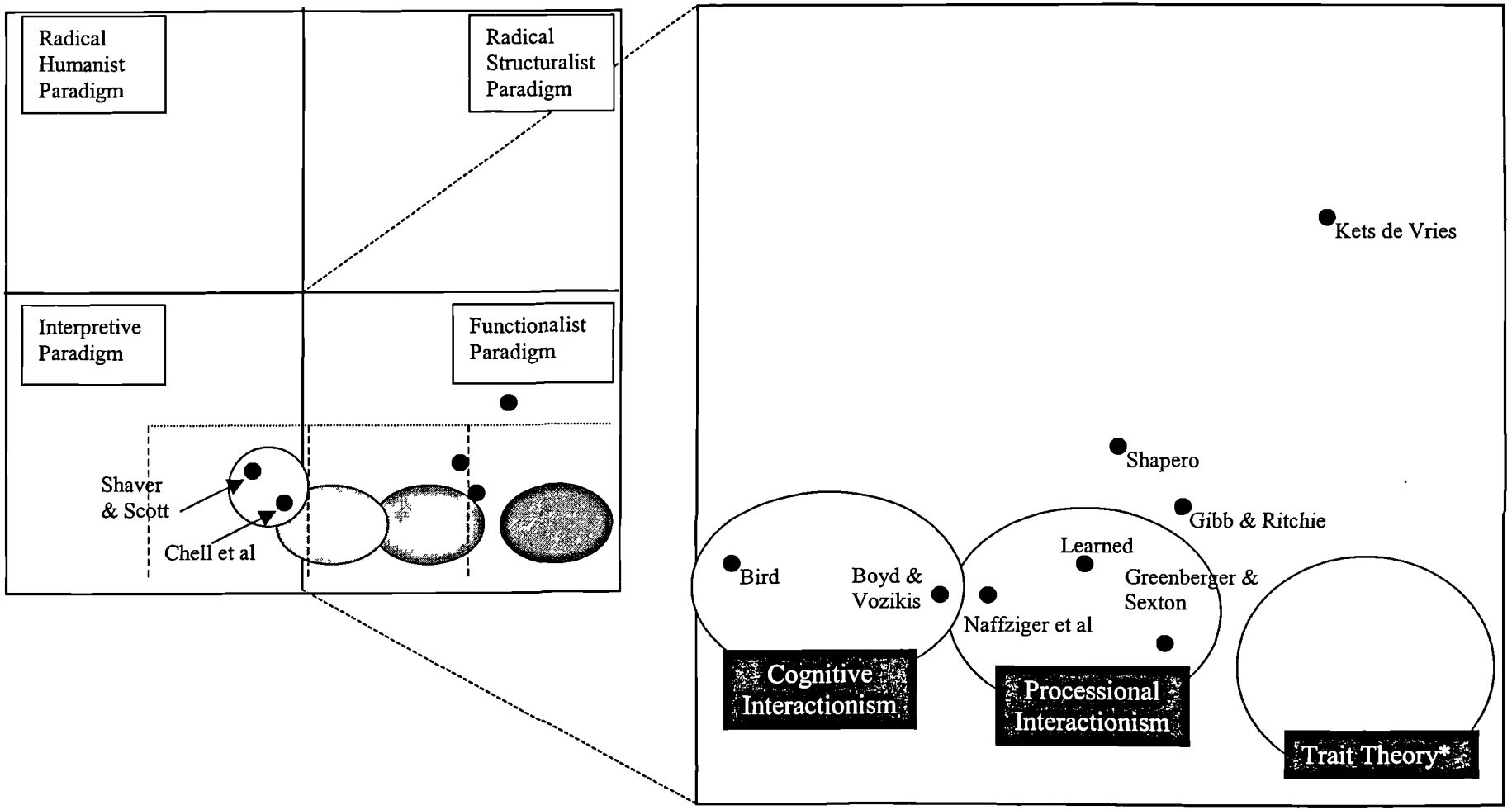
6. 2. 7. Summary of Psychological Approaches

The main purpose of this review of entrepreneurship literature has been to identify those approaches that can contribute to research on the 'entrepreneur' as an individual. A review of the psychological approaches to the study of entrepreneurship has been central to this purpose. They establish explanations about the subject that emphasise the importance of individual people. How the personality, skills, abilities and knowledge of individuals contribute to their potential success as 'entrepreneurs', however one chooses to define it.

At the outset of this analysis three key sets of assumptions were considered to be important. First, assumptions about the nature-nurture debate, secondly, assumptions about the extent that free will or determinism influences human behaviour and thirdly, assumptions about the nature of personality. The analysis took these assumptions into consideration and reviewed a number of

key approaches according to the conceptual framework developed by Burrell and Morgan (1979). A summary of this analysis is provided in Figure 6. 2.

Figure 11. 2.
Summary of Psychological Approaches



From this analysis it is possible to conclude that the psychological approaches to the study of entrepreneurship also use predominantly functionalist philosophical assumptions. The main reason that this occurs is because the majority of approaches apply some form of psychological determinism. In other words, that human behaviour is caused by factors specific to the individual's personality, experience and beliefs etc. As a result the vast majority of these approaches made no discernible assumptions about the nature of society because they did not think it had any impact on human behaviour[1].

6. 2. 8. The Unitary or Hard Determinism Paradigm

The first school of thought about psychological approaches has been described as 'unitary determinism'. At the simplest level some approaches imply that behaviour is determined indirectly by one variable. They use indirect causal models to suggest factor 'A' is the major determinant of an individual's personality and personality is the major determinant of human behaviour; *Ipso facto* factor 'A' is the main cause of human behaviour. For factor 'A' there are a number of alternative ideas; genes, early family experiences and psychological displacement, are the most common.

6. 2. 9. The Plural or Soft Determinism Paradigm

The second school of thought in the psychological approaches can be described as 'plural determinism'. In these approaches a more complex form of model is presented whereby there are a number of variables that influence personality. A human being's personality remains a major influence on human behaviour but other factors are also considered to have an influence. For example, social context, peer relationships, self-belief etc. All these factors combined, however, determine the behaviour of an individual. The individual cannot choose to create situations but must react and that reaction is controlled by the individual's composition rather than by individual choice.

[1] It is important to point out that two approaches Gibb and Ritchie (1981) and Shapero (1971) did not use psychological determinism but sociological determinism.

6. 2. 10. The Social Constructionism Paradigm

There are only two psychological approaches reviewed that apply assumptions that are not in the functionalist paradigm, these are Shaver and Scott (1991) and Chell et al. (1991). Surprisingly it is not because of any explicit rejection of determinism that enables these theorists to develop interpretive models of entrepreneurship. It is because they apply relatively subjective philosophical assumptions about the nature of reality and knowledge. Their premise is that reality is constructed in the minds of individuals and shared through the use of labels, categories of labels and types, in agreement with Wittgenstein's philosophy (Wilde, 1977). Although, there is no outright rejection of determinism the overall structure is certainly interpretive. This particular problem, along with a number of others, opens up further questions and criticisms of Burrell's and Morgan's framework and this is discussed later in the chapter (please refer to the discussions about research limitations [6. 3]).

6. 2. 11. Discussion of the Psychological Approaches

Although none of the current psychological approaches to the study of entrepreneurship truly and openly rejected determinism those that did apply interpretive assumptions implicitly rejected determinism. These approaches were on the fringes of the 'mainstream' functionalist paradigm and yet, as far as this review was concerned, they presented the most coherent and interesting analysis of the subject. Within this analysis is another salutary tale. Those approaches that have used traditional trait theory have the most criticisms levelled at them. It is clear from this analysis that they also applied the most extreme functionalist assumptions of any of the psychological approaches. They also employed the most incompatible philosophical assumptions. This is most exemplified by the inconsistency that may exist between the ontological assumptions of theory and method.

All these factors add up to suggest that traditional trait theory failed to explain the entrepreneurial personality for two major reasons. First, because it employed an inconsistent philosophical framework. Second, and more importantly, because it resorted to realist, positivist, determinist and mechanistic

philosophies. The parallel between the failure of neo-classical economics and trait theory to explain 'entrepreneurial behaviour' and their use of similar philosophies of social science is an important conclusion of this analysis. In fact it is *the* most important conclusion and illustrates why the development of Social Constructionist approach may be useful. For example, there are four key points that can be derived from this conclusion.

1. The definition of 'entrepreneurial behaviour' as a phenomenon will be dependent on a researcher's underlying philosophical framework.
2. Any approach to the analysis of 'entrepreneurial behaviour' that does not have consistency between its ontological, epistemological, human behaviour and methodological assumptions may fail due to paradigm incommensurability.
3. If research applies extreme functionalist assumptions, in other words, it applies strong realist, positivist, determinist and mechanistic assumptions, it will eradicate purposeful behaviour and, therefore, 'entrepreneurial behaviour' from its analysis or may fail to explain it.
4. Given that the vast majority of previous research on the subject is functionalist this begs the question; can such approaches really explain 'entrepreneurial behaviour'?

6. 2. 12. Key Statements

The conclusions above may be controversial and as a consequence I do not claim that this analysis is definitive. In fact there are number of limitations of this analysis highlighted in the final section of this conclusion. This method of review has, however, raised a question mark over the usefulness of extreme functionalist assumptions when trying to explain 'entrepreneurial' behaviour and illustrates why Social Constructionism may be useful. The problems that arise for extreme functionalism can be highlighted and it can be shown why these assumptions may inhibit explanations of 'entrepreneurship'.

1. Realism assumes that the social world is a hard objective phenomenon and that all features of social interaction are immutable. This inhibits the study of entrepreneurship because it makes researchers expect consensus. 'The phenomenon of entrepreneurship is one phenomenon and we just have to find it'. Realism also implies that processes of change are peripheral to the subject because underlying structures explain change. Yet change appears to be central to the subject, 'entrepreneurs' are variously observed to exploit change, are recognised as possible agents of change and thought to thrive on change.
2. Positivism suggests that testing laws and relationships in an empirical way enable researchers to acquire knowledge. This inhibits the study of entrepreneurship because it restricts knowledge to things that can be counted. This rejects individual psychology because of the necessity of large populations in research. Yet the paradox is that 'entrepreneurship' appears to be directly related to individual behaviour. It also ignores things that cannot be counted. Yet much of human behaviour is too complex to count.
3. Determinism suggests that forces outside the individual's power control behaviour. Yet observations of 'entrepreneurship' seem to suggest that they take control of their environment and create new things.

These points present some possible reasons why neo-classical economics and traditional trait theory have failed to present meaningful theories about 'entrepreneurship'. By implication this also raises concerns about less extreme functionalist approaches. This happens because assumptions in one paradigm are generally orientated in one direction. If the extreme assumptions provide for a poor foundation to research on a particular phenomenon then it is likely that less extreme foundations will repeat the same errors only to a lesser degree. What is really required is a new or different set of foundations and it is argued that Social Constructionism can provide such a foundation. Although there is

much debate in Social Constructionism it can aid understanding because it would not assume that entrepreneurship is one phenomenon, it would expect many phenomena and variation in the usage of the word (Chell and Pittaway, 1998b). Unlike realist approaches it can acknowledge change, investigate how people perceive change and how those perceptions guide practice (Willig, 1998; Burman, 1999). Social Constructionism can also be used to examine how humans construct practice, act according to their constructions and imagine future constructs (Parker, 1998; Nightingale and Cromby, 1999). In this sense, the use of Social Constructionism as a framework for examining entrepreneurial behaviour would address questions and issues about the subject that would be wholly different from previous functionalist approaches and in such a way circumvent many of the limitations identified in this review. The following chapters will examine Social Constructionism in more detail and construct a specific approach for this study.

It has also been evident from the review of literature that many researchers, although not all (Shaver and Scott, 1991), who have used new venture interpretations of 'entrepreneurship' also use similar philosophical assumptions. For example, Hofer and Bygrave (1992) suggest that research in entrepreneurship should use the 'scientific' paradigm:

> *"Theory building and theory testing are intimately related yet distinctly different parts of the "scientific" process for knowledge acquisition by the human species. The essence of the scientific process is to develop ever more precise and accurate conceptual "maps" that both describe and predict different phenomena in the "real world". Theory building involves the construction of such maps. Theory testing (also known as "researching") ultimately involves the "testing" of such maps against phenomena in the real world to establish the accuracy and precision of their descriptions and predictions." Hofer and Bygrave, 1992, p. 91.*

Hofer's and Bygrave's quotation could also be applied to some qualitative approaches such as grounded theory. It is the sense in which such scientific principles are operationalised using a positivist research agenda that can present difficulties. A positivist agenda has also been supported by the major research conference in entrepreneurship (Babson Conference) which in the 1980s required only papers based on 'solid' data with the implication being that 'solid'

meant empirical. This assumption that there is one form of knowledge and that this knowledge is based on the scientific paradigm of realism, positivism and determinism has gained increasing support within the study of entrepreneurship. It is possible to suggest, however, that this may explain why the definition of 'entrepreneurship' has become new venture creation for many researchers. It is the use of positivism that has had the impact, in order to count you must have something you can count and, therefore, you must define the subject in a way that it gives you something to count. It is possible to count new businesses but is this all 'entrepreneurship' entails? Is it the case that by defining the subject in order to fulfil a functionalist framework has some elements of 'entrepreneurship' been lost?

There has been a large growth in research using the new venture interpretation of 'entrepreneurship'. This interpretation of 'entrepreneurship' is a growing paradigm when compared with other definitions of the subject. The results of this analysis would suggest that this paradigm is making similar assumptions about social enquiry that has led to the failure of previous theory. Although theory in this area is important, is it more important than theory about growing businesses or innovative businesses or the other areas of research that may suffer if the new venture paradigm grows? Is such theory more important than other 'knowledge' gained from the use of interpretive, radical humanist or radical structuralist sociological paradigms? At the very least the questions asked by this analysis need careful consideration. It would be unfortunate to repeat the same errors that have occurred in neo-classical economics and traditional trait theory by applying the same philosophical assumptions about the nature of social phenomena.

From this review it was also clear that approaches applying more interpretive philosophical frameworks were more relativist and able to acknowledge many different phenomena under the 'umbrella' term entrepreneurship without difficulty. It was also evident they were more able to introduce ideas about imagination, human choice and human action that appeared to explain features of different types of 'entrepreneurship'. Overall these approaches appeared to make more intuitive sense about the nature of the

behaviours and individuals they were observing. There was, however, no comprehensive and explicit communication of the philosophical assumptions they were making.

What is also clear from this analysis is that the majority of approaches have used functionalist assumptions and very few approaches have used any of the other paradigms. It is possible to argue that the subject would be so utterly redefined in the two radical paradigms that it might not seem to have anything to do with 'entrepreneurship'. The study of 'entrepreneurship' has, until this date, used only a few of the meta-theoretical frameworks available to it. The disadvantage of this is compounded by the fact that when different frameworks have been used different phenomena have emerged. These new phenomena make understanding more complex but help develop further knowledge of the subject. By under utilising the available frameworks it can be argued that the subject of study is limiting the growth of knowledge. Of course different frameworks will lead to different forms of knowledge and different definitions of the subject. Diversity in knowledge is, however, an important element of new disciplines and by recognising diversity and communicating difference clarity can still be achieved.

6. 3. Limitations

The use of Burrell's and Morgan's (1979) framework to analyse the literature on entrepreneurship has been a valuable exercise. It has been a useful tool to help identify the underlying assumptions of researchers studying entrepreneurship and it has helped to chart the philosophical orientation of the field of study.

As with all methods, however, there are limitations and this is true of this technique. Some of the limitations were known at the beginning but others have emerged during the course of this analysis. At the beginning it was suggested that Burrell and Morgan (1979) had not identified the criteria they had used to position certain approaches within the paradigms. This meant that their analysis was open to the criticism that individual interpretation about the location of work could be overly subjective. For example, if individuals reviewed the same

work would they draw the same conclusions? In order to address this weakness much of the first chapter developed sets of criteria against which individual approaches could be reviewed (provided in the appendices). While this has provided transparency, improved the transferability of the conceptual framework and introduced a higher degree of objectivity it does not eradicate this limitation. It must be recognised, however, that all attempts at analysing other peoples work are dependent on the interpretation of the individual undertaking the review.

A second limitation that has arisen as a result of the use of this heuristic tool is some question over its transferability. While the tool transferred well to an analysis of the economic theories of entrepreneurship it did not transfer as well when analysing the psychological approaches. In fact, it was not the entire conceptual framework that lacked transferability but specific dimensions. While the Subjective-Objective dimension to social science transferred well for both areas of review the Radical Change-Order dimension was not as useful for reviewing the psychological approaches. This occurred primarily because the central topic of study was the individual. As a consequence assumptions about the nature of society had little impact on the psychological approaches. Only when social-psychological approaches started to introduce the influence of the social context did the Radical Change-Order dimension have any impact. One could suggest that this does not invalidate the dimension but identify that assumptions about society are only irrelevant if one assumes that the social context has no impact on human behaviour. Whatever conclusion one draws this point needs to be regarded as a possible weakness of the framework.

The final limitation is probably the most important and controversial. It returns to the debate in organisational theory about the permeability or incommensurability of the paradigms. In confirmation of ideas drawn from Social Constructionism (Harré, 1993; Pujol and Montenegro, 1999) it became evident during the application of the criteria used that incommensurability did not exist in the literature reviewed but the boundaries of the paradigms were not permeable either.

First, permeability did not occur because researchers only reoriented concepts from the intrepretive paradigm into their theoretical stance. They did not fully understand or appreciate the differences and were thus unable to incorporate the findings of work into their own research. A good example of this situation is trait theory both traditional trait theory and social constructionism use the term 'trait'. They both used the same language but the meaning behind the term is different, which can be linked to the importance of meaning in language (Gergen, 1973; 1982; 1985). In one theory it is a description of actual behaviour used by all of us to categorise the behaviour of others and in the other theory it is the outward sign of our inner personality. In order for researchers from a traditional trait theory background to take onboard social constructionism they would need to reject the fundamental precepts of their previous theory. In other words undergo a paradigm shift. It is extremely difficult for such researchers to incorporate these ideas into their theories of 'entrepreneurship'. In other words there was little evidence of permeability between paradigms.

The only evidence for permeability was through the recognition of phenomena. Different theoretical frameworks recognised different phenomena as 'entrepreneurship' but once recognised different paradigms did incorporate these new phenomena into their enquiry. At this level there was some permeability between paradigms.

The incommensurability thesis has become questionable for an entirely unexpected reason. In Burrell's and Morgan's thesis there is an implicit expectation that there will be consistency between the ontological, epistemological, human behaviour and methodological assumptions of research. In other words, if a researcher makes a functionalist assumption about reality one would expect them to make a functionalist assumption about knowledge, human behaviour and methodology. This review discovered that this did not occur and that there was a degree of elasticity between these different dimensions of the Subjective-Objective continuum. To some extent this confirms the views of Willmott (1993) when he questions the validity of linkage between the dimensions used in the paradigms and confirms Pujol's and

Montenegro's (1999) view about the extent to which dichotomies simplify complex debate. In some cases this elasticity between different dichotomies in the paradigms crossed boundaries bringing into question the incommensurability thesis. Which raises the question, how can researchers use an interpretive assumption about reality and a functionalist assumption about knowledge if incommensurability is correct?

There are a number of possible explanations for this.

1. There may be differences of interpretation between different researchers.
2. The Subjective-Objective dimension of Burrell's and Morgan's framework may have incorrectly linked different types of philosophy. If this were the case this point would invalidate the framework.
3. While the different forms of philosophy are linked different researchers are using philosophical assumptions implicitly. This could lead to a degree of inconsistency between the different types of assumptions.
4. That ontological assumptions in research activity can oscillate depending on the phenomenon analysed (Chell, 2000).

It seems evident that the second point is most likely to be correct, as the paradigms used, while useful as a heuristic device are themselves constructions that tend to over simplify many complex debates in philosophy and tend to assume congruence between debates (and, indeed, ignore other debates). Not only is there an oversimplification of complex issues the duality that is implied by individual dichotomies is also questionable. There is some evidence that the third point may also play a part in explaining some of the limitations of the approach used. This is the case because theorists have not tended to consider the philosophical assumptions they make or how consistent assumptions, for example about reality, are with assumptions made about human behaviour. Even an awareness that such assumptions have been made was not particularly evident in the literature reviewed. From the review approaches that did not have

consistency in their assumptions appeared to be the least able to construct sound conceptual frameworks that stood up to rigorous evaluation and observation.

6. 4. Summary

This chapter has highlighted a number of conclusions about the field of entrepreneurship, about philosophical assumptions and about the conceptual framework used. There are three conclusions that will have an impact on this study and guide the construction of a conceptual framework. First, the over-riding use of functionalist assumptions in the study of 'entrepreneurship' was highlighted and it was suggested that extreme functionalist assumptions inhibit the study of 'entrepreneurship' and that Social Constructionism could aid the development of more appropriate research in the subject of entrepreneurship. Second, underlying philosophical assumptions influence how one defines a subject and inconsistent assumptions can weaken conceptual frameworks. Third, approaches to the study of entrepreneurship that used interpretive assumptions have produced interesting explanations of 'entrepreneurship' but have not explicitly constructed a comprehensive philosophical framework for their research.

These conclusions lead to the suggestion that the study of 'entrepreneurial behaviour' could benefit from a conceptual framework that uses interpretive assumptions, that such an approach should construct a consistent philosophical framework and communicate it explicitly. The following section will construct such a conceptual framework based on Social Constructionism and it will be used to construct the field research for this thesis.

Section Three
Theoretical Framework and Methodology

Synopsis:

Within this section a meta-theoretical framework, theoretical framework and methodology for the field research are constructed. The meta-theoretical framework makes explicit assumptions about reality, knowledge, human behaviour and society on which future research, including the field research of this study, will be based. The theoretical framework applies the philosophies used to provide a theory of entrepreneurial behaviour that can generate propositions for research. In the final chapter of this section a methodology and method are constructed for the field research.

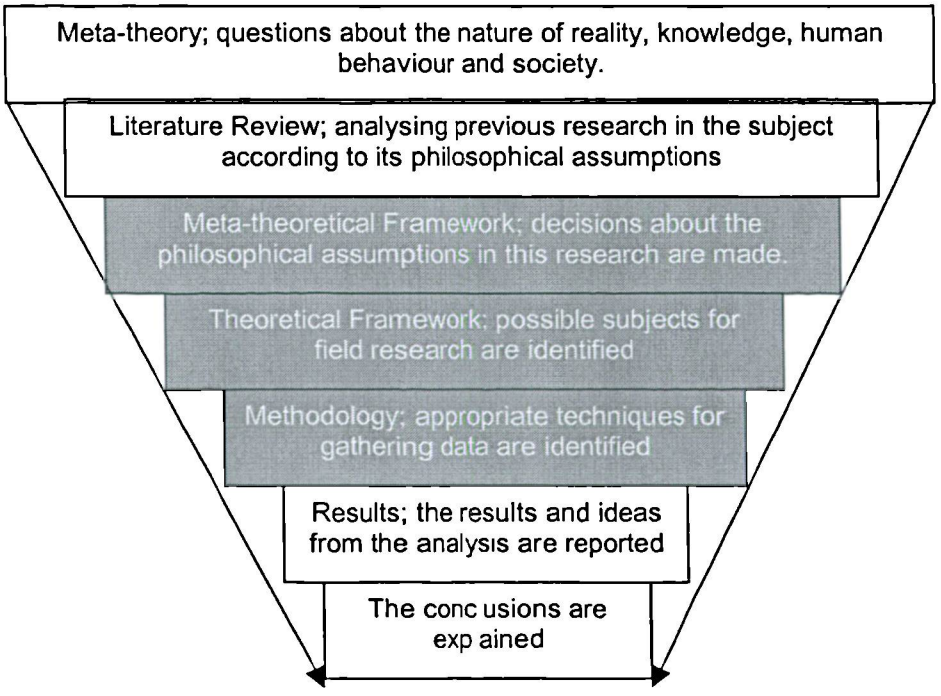
Aims:

1. *To build and communicate an explicit meta-theoretical framework based on the interpretive paradigm of social science.*

2. *To construct a theoretical framework that can be used to identify propositions for research in entrepreneurship.*

3. *To identify a methodology and technical method suitable for the field research in entrepreneurship.*

The Structure of the Thesis



Chapter Seven

Meta-theoretical Framework

7. 1. Introduction

In the previous section Burrell's and Morgan's (1979) framework was used to investigate the underlying assumptions of research on the subject of entrepreneurship. From this review it was concluded that the vast majority of research on entrepreneurship had used functionalist assumptions and that using interpretive assumptions based on Social Constructionism could enable further progress in research. It was also noted that no explicit philosophical framework had been constructed and that research could benefit from such a framework. As a consequence it was concluded that an explicit, comprehensive and innovative conceptual framework needed to be constructed that drew together assumptions from the interpretive paradigm and utilised Social Constructionism.

This chapter and the following chapter have been designed to undertake this task. They have also been designed to narrow down the subject of study to enable a manageable piece of field research. For this reason three levels of conceptual framework will be developed. First, in this chapter, an interpretive meta-theoretical framework based on Social Constructionism will be constructed. Second, in chapter eight, a macro conceptual framework that applies the previous framework to entrepreneurial behaviour will be explored. From this a broad definition (phenomenon) will be identified and a number of new avenues for research will be shown. Third, a micro conceptual framework will be constructed that will identify a narrow piece of the over-all 'jig-saw' and that will be used to guide the field research.

These levels of conceptualisation are necessary precursors to data gathering and analysis. They enable this study to translate explicit philosophical assumptions into specific research. It is necessary to do this because without a philosophical framework observations of the social world are devoid of meta-

theoretical context. Without a broader conceptual framework about entrepreneurial behaviour observations would also be devoid of theoretical context. Such a situation could lead to purely descriptive knowledge. Equally conceptual frameworks without observation of the social world are devoid of any interaction with other people's 'reality' and as a consequence they rely on the perceptions of one individual. Such a situation would lead to the construction of pure theory and this theory would never be tested for its validity.

The suggestion is that 'knowledge' is gained by the interaction of theory and observation. The three frameworks identified enable this study to move from meta-theory to theory and into observation. All three are important.

7. 2. A Meta-theoretical Framework

All the studies reviewed by this analysis made meta-theoretical assumptions. The meta-theoretical assumptions used for this research will derive from the interpretive paradigm and will be described as the social construction of reality, the social construction of knowledge and the social construction of human behaviour. These three meta-theories are interdependent and important when constructing research and, as has been noted, are important in the study of entrepreneurship.

7. 2. 1. Contemporary Debate in Social Constructionism

This thesis will thus make explicit assumptions about the nature of reality, knowledge, human behaviour and society using Social Constructionism. As pointed out in chapter one, however, this is not a simple procedure. Social Constructionism, particularly in social psychology, is fraught with many differing views and assumptions itself particularly with regard to the relativism - realism debate about the nature of reality (Parker, 1998; Nightingale and Cromby, 1999). Indeed, there is also some distinction between what is regard as a constructivist framework and other approaches that have been described as constructionist frameworks (Martin and Sugarman, 1996; Chell and Rhodes, 1999). Martin and Sugarman (1996), for example, indicate that cognitive constructivism has its roots in the psychology of the individual examining

internal mental processes while social constructionism has its roots in the sociology of the public and social world examining the external world of social phenomena. Other such disagreements about the nature of the appropriate underlying assumptions in Social Constructionism can be found in virtually all contemporary debates in social psychology (Parker, 1998). In fact it can be argued that such debate has overwhelmed contemporary thought and itself endangers the utility of Social Constructionism for applied research as that proposed in this thesis (Stainton-Rogers and Stainton-Rogers, 1999). Before embarking on an explanation of the form Social Constructionism used in this thesis it is necessary to explore some of these debates further as a stepping-off point to explain the meta-theoretical framework proposed and its relation to other forms of Social Constructionist work.

Social Constructionism has made it possible for psychology to introduce a more critical reflexive approach to theory and practice which has moved psychology away from the study of mental characteristics toward a more socially embedded and historically situated study of human action and experience (Parker, 1998). There is however a paradox, the relativity implied in the discourse analysis used by researchers has restricted the critical power of Social Constructionism. This is because if all discourses, perceptions and constructions are relative to their participants how is one to value one construction over another, how is one to judge the 'correctness' of a construction when the value placed on 'correctness' is itself historically and socially embedded. This difficulty in social psychology has led many researchers to introduce realism as the solution to the problem and has led to a schism between realists and relativists (Collier, 1998). The initial problem of the realism - relativism debate centres on the point that if a researcher abandons any notion of reality which bears some relation to their own experience then what is left is a multiplicity of perspectives which can become a confusing multitude of alternative realities in themselves (Parker, 1998). By doing so, however, a researcher is confronted by the question, how does one decide between alternative perspectives? A second problem that arises for relativist Social Constructionists has been the notion of 'agency' because agency is transformed

into a language game which itself is a social construction based on the concept of 'self' the ultimate consequence of which is that the capacity of persons to construct themselves and reconstruct the world around them is in someway removed (Parker, 1998). Parker (1998), for example, concludes that the issues fuelling the realism/relativism debate can be summarised by the following questions:

> *"...without some notion of truth or reality, how can we justify advocating one view of the world over another? Can we avoid moral relativism if we take a relativist stance as academics? Do we need to take some form of realist stance in order to make these justifications? Secondly, if the answer is that we must build back into our theorising some notion of a reality which underpins social and psychological phenomena, then what kind of reality is this? What kinds of things do we want to give the status of 'real' to and what does this mean? Thirdly, how should we think of the relationship between language and reality...and, fourthly, how should we understand the self and agency in all this?" Parker, 1998, p. 14.*

There have been attempts in social psychology to address these questions and solve the conundrum that the questions have ultimately posed. Edwards, Ashmore and Potter (1995) have argued, similar to Burrell and Morgan (1979), that 'naïve realists' no longer exist in the social sciences but that a continuum of acceptance does exist between relativist and realist ideas. Willig (1998), suggests that the perception of the debate as a continuum is itself a simplification and there is evidence that a relativist and realist epistemology can coexist because both forms can recognise the historical and cultural constitution of knowledge. Collier (1998) argues that there is a 'real' world that predates our experience of it and that we acquire language that helps us to describe it. In this sense suggesting relativity and realism do indeed coexist in our experiences of the world. Brown, Pujol and Kurt, (1998), on the one hand, turn Collier's argument on its head by suggesting that what is 'real' is what is manifest to ourselves which is subjectivity, consciousness and experience which are themselves contingent on language and thus historically and culturally dependent. Potter (1998) and Edwards et al. (1995), on the other hand, take a thoroughly relativist position suggesting that the world is seen as textual and discursive. They point out that as soon as one begins to talk about a reality that exists beyond language it immediately enters into the discursive realm because it

becomes a representation of events that are constructed by the use of language. Such arguments surrounding the debate and the questions posed by the debate have begun to create difficulty for the practical application of Social Constructionist frameworks. Nightingale and Cromby (1999) illustrate several further difficulties for Social Constructionism that the debate has illustrated.

Firstly, the historical and cultural specificity of social constructionist work varies. Some constructionists emphasise difference between constructions of different countries and peoples and argue that all aspects of existence may be open to enormous variation (Nightingale and Cromby, 1999). Other constructionists, however, simultaneously point out the consistencies and continuities that occur across cultures (such as oppression of gender and sexuality). Secondly, there is disagreement over the extent to which knowledge and activity are intertwined. By exploring aspects of our world, it is assumed by some constructionists, we create knowledge of it by constructing language to describe it and thus activity and knowledge are inextricably connected and hence 'truth' is itself a construction. Other constructionists are unhappy to accept this and believe that some things are still more 'true' and 'right' than others (Nightingale and Cromby, 1999). Thirdly, using a critical stance has led to two strands of approach. One strand promotes a relativism that does not give rise to political activity but that does oppose positivist traditions in psychology. The other argues that while social constructions are relative, they are not arbitrary, but come about because of social processes that are shaped by power relations (Nightingale and Cromby, 1999). Finally, Social Constructionism has generally overlooked the nature of embodiment, materiality and power as they relate to discourse and to the realism/relativism debate (Nightingale and Cromby, 1999).

These debates and discussions in Social Constructionism illustrate that there are many forms of Social Constructionist thought and that the body of academics describing themselves as Social Constructionists are themselves entering into contemporary disagreements that threaten to pull apart any unity in the underlying philosophical assumptions applied. Indeed some researchers, as a consequence of the difficulty faced by the relativism/realism conundrum, have

instead preferred to apply critical realist approaches. Obviously, such disagreement presents some difficulty for an applied study seeking to utilise Social Constructionism. The following sections of this chapter will thus set out this study's position with regard to the meta-theoretical assumptions to be applied in the field research. The purpose of which will be to illustrate the form Social Constructionism that will be used in the research and to discuss some possible solutions to the debates highlighted in previous discussion.

7. 2. 2. The Social Construction of Reality

What is reality? This is a question that has been posed for as long as human thought has existed and has clearly dominated contemporary debate in Social Constructionism (Parker, 1998). The *'Social Construction of Reality'* is one attempt to present assumptions about reality that can be used to explain *'everyday reality'* and it will be utilised in this discussion to illustrate how some of the difficulty in the realism/relativism debate may be addressed (Berger and Luckmann, 1967). The first point to put forward is that any conception of reality is multifaceted, there are multiple realities: dreams, the imagined future, sensations, observed materiality, unobserved materiality, heuristics and language are a few examples of the many possible realities. All these forms of 'reality' pose important questions and understanding of them inevitably leads to different forms and types of knowledge, all of which appear to be of some use to humankind. What is important for this study, however, is what can be described as 'common-sense' reality or the reality that imposes itself on our everyday activity (Berger and Luckmann, 1967). We apprehend this reality in everything we do. It is inescapable because it is what we encounter as we interpret it. For example, I cannot escape the fact that I am sitting in front of a desk. It can be argued that the term 'desk' is a construction (Edwards et al., 1995) used to categorise my experiences but yet I can sense its existence and the word 'desk' has meaning for me (Collier, 1998). The materiality of it is there in my experience and the meaning ascribed to the senses I experience when interacting with it are already categorised for me in my language. This is what can be described as a human's 'common-sense' reality it is that which is experienced,

however subjectively, that has an already constructed meaning which one tends to take for granted. It is this reality that that has practical import in this study and it is this 'already constructed' nature that needs to be explained and deconstructed with regard to the subject of entrepreneurship.

This every-day reality is described as 'common-sense' reality because the reality experienced in every-day life is ordered.

> *"Its phenomena are prearranged in patterns that seem to be independent of my apprehension of them and that impose themselves upon the latter. The reality of everyday life appears already objectified, that is, constituted by an order of objects that have been designated* ***as*** *objects before my appearance on the scene" (Berger and Luckmann, 1979, p. 35).*

Social Constructionism of this nature accepts a degree of realism but only in the sense that objectification (assumed realism) exists in the very nature of experience and that such reality is based on its historical construction which predates an individual's experience. The point being that language is inherited and provides a continuous and ever-changing link between the objects, contexts and people one experiences and ones own consciousness. Objectifications (or concepts) embedded in language and that are learnt through the course of human interaction enable an individual to make sense and order their everyday existence. The experiences of the individual, for which the objectifications are central, enable an individual to construct their existing perceptions of social reality. As such, an individual's subjective consciousness is interacting constantly with the objectifications and experiences that make up their objective reality. The social construction of reality, as it will be applied in this research, is thus based on three core principles:

i) All individuals have a 'subjective' reality (or indeed realities in the case of Schizophrenia) because they must interpret their own social and physical context.

ii) There is an 'objective' reality existing outside the individual human being comprised of objects (materiality), other people and one's own physical being (embodiment). Understanding of this 'objective' reality is a relative process depending on the senses and sensual experience.

iii) Humans also share reality through the use of verbal and non-verbal communication, symbols and behaviour. Such sharing enables the existence of a sense of both relativist and realist qualities because language can be common to all, ordering and structuring experience and interpretive, being dependent on the individual's interpretation.

The sense with which reality is thus interpreted in this research will at once be more complicated and multifaceted than the current debate between relativism and realism. It will be more complicated because, on the one hand it accepts relativism for the individual, the individual's experience of reality must by definition be relative because the individual interprets all experience. On the other hand, realism is also accepted because the position does not discount the existence of a material world, or of embodiment. It exists and the understanding of our experiences of its existence are ordered by the historical interaction of humans which is represented by the construction of language. Obviously, that construction itself is historically and culturally specific but for those who share the constructs there is a 'common-sense' order that implies a significant degree of realism in the common language.

This position is thus multifaceted because there are three dimensions to reality at the meta-theoretical level, the conscious dimension, the material/embodied dimension and the language (shared) dimension. All three dimensions having both relativistic and realistic aspects. Clearly, this position cannot be described as simply either a relativist or a realist position. It is distinctly different from the extreme discourse approach to Social Constructionism as illustrated by Potter (1998) and Edwards et al. (1995) and also different from critical realism (Willig, 1999). In the contemporary literature the closest position to that proposed here can be found in the work of Collier (1998) particularly with regard to the suggested relationship between language and practice.

The interaction between the meta-theoretical aspects of reality can influence how external phenomena are interpreted and understanding of this interaction can be seen in many everyday situations. For example, two boys

who are standing at the top of the empire state building look down and the younger boy says, "look down, those people *are* ants". The older boy responds, "no, they just *look* like ants". For the younger boy who has limited understanding of distance he interprets what he sees *(the objective dimension)* in a way that is logical given the available knowledge *(the subjective dimension)* the older boy, however, 'knows' more from experience and 'corrects' the interpretation of the younger child *(the shared dimension).*

In this example it is evident that despite the multiplicity of reality, the shared dimension has an important impact in the 'social construction of knowledge' because it helps explain how we 'learn'. Or, in other words, how we gain access to the conceptual apparatus available in our communities that enables us to interpret our experiences. From this example one can identify that the shared dimension of reality helps the construction of 'knowledge' in the subjective realm. For example, if an individual has never had experience of the concept of money or had it explained to them the purpose of 'coloured note paper' would undoubtedly allude them. Without the conceptual apparatus learnt from others the note has no significance. The shared dimension can also help with the interpretation of the objective realm. For example, the older boy in the previous example used a concept learnt to broaden the younger boy's interpretation of what they both observed. By sharing a way of interpreting the objective reality the older boy contributed to the construction of the younger boy's subjective reality. The processes involved in sharing reality, therefore, are of fundamental importance. They enable each of us to develop our subjective understanding of the world and transfer concepts that help us with the interpretation of our material, embodied and social experiences.

When comparing societies and groups it is also evident that this 'common-sense reality' while 'real' to the individual is not necessarily 'real' to other individuals who do not share the same 'common-sense' reality. In other words, there are multiple common-sense realities (Berger and Luckmann, 1967, p. 35). As a consequence this form of social constructionism leads to relativist epistemology that has features of realism for those experiencing particular 'common-sense' realities. This occurs because both the subjective and objective

dimensions of reality are dependent on the shared dimension. In other, words if the older boy in the example had said, "yes, they're ants, let's drop some stones on them". The younger boy's subjective 'knowledge', without other influences, may not have considered that there was anything necessarily 'wrong' with that action. Equally the younger boy may not have learnt the concept of 'distance' as a way of interpreting objective reality. Of course this would hold until the child gained other information that contradicted these perceptions, for example, when the stones dropped do harm to somebody and the boy is punished.

Such social relativity suggests that the *total* 'reality' of one individual is different to the *total* 'reality' of another and the extent to which their realities converge is dependent on the extent to which they share their realities. What is 'real' to a Hamas terrorist may not be the same as what is 'real' to an English student. Further less extreme examples are possible. When one meets a group of people who work together and they discuss work in one's presence there are always words, euphemisms and abbreviations that are understood by the group but not by the individual who is not a member of the group. The individual often misses the meaning and the reality behind what is being discussed. Words and abbreviations are constructed by groups to enable them to share efficiently the phenomena they seek to discuss and they work in much the same way language works. Thus if one does not understand the language of the group one will find it difficult to understand the meaning.

There are two further dimensions that influence the relativity of what is 'real' to groups and individuals. The temporal and the spatial dimensions of the social context or put more simply *time* and *space* (Shackle, 1955; Bird, 1988; Bird and West, 1997; Fischer, Reuber, Hababou, Johnson and Lee, 1997; West and Meyer, 1997).

"The reality of every-day life is organized around the 'here' of my body and the 'now' of my present" (Berger and Luckmann, 1979, p. 36)

Time has an impact in two ways. First, time impacts on human beings' ability to understand past human society and human interaction (Giddens, 1984; Clarke, 1985). If 'reality' between a Tibetan monk and an American businessman is great the void between the 'reality' of an English medieval

peasant and a contemporary English historian will also be great. Time, therefore, will also play its part in increasing relativity.

Second, time has an impact on an individual's reality (Clarke, 1985; Bird, 1992; Butler, 1995). Individual human beings only exist in the present. 'Knowledge' accrued from the past is important in constructing one's current subjective 'reality'. Human beings also interpret all the 'knowledge' they gather, select, reject and accept some of it, forget much of it and unconsciously use 'knowledge' they sought to reject. The imprecise nature of this process indicates that every individual's subjective reality is unique to some degree. As a consequence, therefore, reality for any individual is inextricably bound with the *'now'* of their social context. Individual human beings cannot fully recover past reality (only through memories) and relativity is increased because an individual's *total* reality is constructed in the present.

The spatial dimension of reality also plays a similar trick (Berger and Luckmann, 1979; Giddens, 1976). The relativity of 'common-sense' reality is increased because individuals experience everyday life at the *'here'* of the space surrounding their body. It is only possible for an individual to directly experience one space at one time. No individual can experience more than this and no individual experiences the same set of spaces and times as another individual. The subjective reality of any individual is unique because all individuals throughout their life course experience different temporal and spatial contexts.

The reality of everyday life, however, is not limited purely by these spatial and temporal contexts but embraces phenomena that are not present 'here and now'. The shared dimension of reality enables us to transfer understanding and escape the spatial and temporal constraints of the subjective dimension. For example, language enables a person to transfer to another ideas and concepts about reality. People are able to understand and share this knowledge because they share an understanding of the symbols used. An individual could describe to another what happened to them on a specific day and that person would understand the meaning without being in the same point of time and space as the person who had the experience. The understanding of the experience, however,

would be dependent on the other person's description of it. The implication is that we use language and symbols to escape the temporal and spatial features of our subjective reality. In doing so, however, an individual's remoteness to a reality in which they were not directly involved is increased. In other words, experience in everyday life has different degrees of closeness and remoteness to different social realities (Butler, 1995).

To conclude there are a number propositions that define the social construction of reality as applied in this thesis.

iv) There are three dimensions of reality, the subjective reality, the objective reality and the shared reality (Berger and Luckmann, 1967).

v) An individual's subjective reality is completely unique because each individual will experience different times and spaces (Butler, 1995).

vi) There is an objective 'material' and 'embodied' reality but our understanding of it is limited by our senses (Schutz, 1967).

vii) There is no objective 'social' reality because it is constructed from the objectifications used in human language. This means that what appears to be objective in the social world is in fact a symbolic construct used to explain categories created by human beings to order their experiences (Garfinkel, 1967).

viii) Language, symbols and other mechanisms enable human beings to transcend, to some degree, the spatial and temporal features of subjective reality (Blumer, 1969) leading to some feelings of objectiveness in our 'common-sense' reality.

ix) Remoteness or closeness in time and space to social reality will have an impact on how social situations are interpreted.

x) Individual human beings experience many social realities

xi) Significant relativity exists between everyday social reality.

xii) Human groups and societies use language, symbols and other forms of communication to reduce the relativity that exists between everyday social reality (Berger and Luckmann, 1967) by creating collective interpretations of it.

These propositions will have an impact on how 'knowledge' is constructed and maintained within groups and society and will thus influence the epistemological assumptions made in this thesis.

7. 2. 3. The Social Construction of Knowledge

The complexity of this position with regard to 'common-sense' reality inevitably leads to a relatively complex position regarding epistemology. How do humans construct and maintain knowledge? What is knowledge? These are questions that need to be asked in order for researchers to understand what it is they are trying to create. In the social construction of knowledge, as applied here, the shared dimension of reality is the most important (Berger and Luckmann, 1967; Weick, 1969; Weick, 1995). As a consequence language is considered to be the repository of 'knowledge', although knowledge itself maintains its social and historical relativity (Garfinkel, 1967; Schutz, 1967). To explain how the social construction of knowledge is applied here the discussion will utilise an effective example used by Berger and Luckmann (1967).

Imagine a theoretical world where all things are equal except that no language exists and two human beings are about to meet for the first time. In the face-to-face situation they share vividly the presence of each other. Their 'here and now' interacts continuously. Both individuals experience reality in everyday life and will have built-up 'typificatory schema' that order their understanding of this reality. Typificatory schema can be defined as an individual's conceptual and categorical map through which they order and categorise the external world. Through expressions, noises and actions, therefore, each other's subjectivity is available (to some degree) to the other and these typificatory schema will enter into the face-to-face situations. In a face-to-face situation each human being's typificatory scheme would enter into ongoing 'negotiation' with the other's. Over time, however, some form of mutual types of expressions, noises and behaviour could emerge that would signify certain objects. For example, grunting and using a certain facial expression to indicate 'fire'. As the group grew in size some of these mutual

types would become 'institutionalised' in the sense that they would become common to the group and transferred between generations (Isabella, 1990).

This is the first element of language; typificatory schemes that are shared by groups and can be transferred between generations. The transference of meaning through typifications also enables language to transcend the 'here and now' of face-to-face situations. This occurs because the anonymity of a typification increases with its distance from the 'here and now', its intimacy to the user and its individualisation. For example, a work colleague can be typified as 'a friend', 'a colleague', 'a lecturer', 'a man' and 'a happy type'. Each typification about the same person varies in relation to its anonymity. This creates the mechanism that allows language to escape the purely 'here and now' of face-to-face interaction because a person can talk about 'man' and this can refer to a type that does not have to relate to the 'here and now' of a current social context. It can also enable language to convey 'knowledge' because the typification 'man' collects a group of observations together in a label. The label then allows these observations to be shared by the group habitually. In other words, the observations enter into the group's 'common-sense' reality and are accepted as taken for granted (Isabella, 1990).

The construction of language is the repository of 'knowledge' because it builds increasingly complex typifications that can become more general and more specific. For example, 'man' is a primary typification but the term 'mankind', a secondary typification combining 'man' and 'kind', is more general and 'businessman', another secondary typification combining 'business' and 'man', is more specific. The combining of labels, from which habitual 'knowledge' has been acquired, enables language to transfer 'knowledge' to individuals who have no experiential 'knowledge' of something.

As well as the introduction of new forms of typification into language these labels can change meaning, depart from the common stock of a group's 'knowledge' and have dual meanings. For example, 'man' can mean the entire human species, a particular gender type or a specific individual. 'Manhood' is secondary typification of 'man' and 'hood' but what has happened to the meaning behind 'hood', it once meant gender but has begun to disappear as a

primary typification. The label 'nice' once meant foolish or stupid but now means kind or pleasant and has, therefore, changed meaning.

'Knowledge' about objective reality is thus held in language and learnt habitually by the members of a group or society who use that common language. From this analysis a number of implications of this assumption about the nature of knowledge can be highlighted (Schutz, 1967).

xiii) 'Common-sense knowledge' is dependent on a group's shared typifactory schemes which is a form of 'intersubjective' reality.

xiv) These schemes are dynamic, undergo constant change and are dependent on the group's usage (Isabella, 1990).

xv) The vast majority of human 'knowledge' about objective reality is deposited in these typifactory schema (Blumer, 1969).

xvi) Human beings acquire much of this 'knowledge' in a habitual way. In using particular typifactions an individual acquires the human groups past observations and ideas without needing to be consciously aware of it.

xvii) Typifactory schema allow human 'knowledge' to transcend the 'here and now' of an individual's experience.

xviii) The complexity of typifactory schemes allows new 'knowledge' to be created from a combination of labels in a new way. Labels and word combinations that represent two sets of habitual knowledge put together for the first time, for example, 'space-diving'.

The second element of language that contributes to the construction of knowledge in human groups is the use of objects to signify the subjective state. The use of objects to signify the subjective state helps construct a second connection between the objective and subjective realities (Chell and Pittaway, 1998b).

The fact that an internal state can be objectified in this way and communicated to other human beings is an important piece in the puzzle of language. When such objectifications become signs, however, one has the

beginning of language. For example, the signs *hot* and *irritable* allow a person to communicate knowledge about their subjective state and these signs are detachable from the 'here and now' of their current context. Such signs and groups of signs, therefore, enable the internal state of an individual to be shared by other human beings in context and more importantly away from a specific social context. From this analysis a number of implications about the nature of knowledge can be highlighted.

xix) Human beings use objects to symbolise the subjective state (Blumer, 1969).

xx) These objectifications have allowed the development of signs and symbols that represent the inner feelings, beliefs and thoughts of individual human beings (Pfeffer, 1981).

xxi) By developing such symbols human beings have been able to *detach* individual internal 'knowledge' from its immediate context. Thus enabling 'knowledge' from an individual's subjective reality to be available to others in the social group (Berger and Luckmann, 1967).

xxii) This detachment also enables an individual's unique 'knowledge' to be capable of transcending their immediate social situation (Bougon, Weick and Binkhorst, 1977).

In the social construction of knowledge used in this thesis there are two key principles that allow knowledge to flow between the objective, subjective and shared realities and across time and space. First typifications, these are observations of the *external* (objective) world that are grouped into types, categories and labels, and that transfer habitual knowledge between individuals and across generations. Second significations, these are signs that communicate *internal* (subjective) feelings, emotions, ideas, beliefs and thoughts, and that enable an individual's subjective reality to be available to other human beings and across time and space. These two types allow 'knowledge' about objective and subjective reality to be shared by human beings and, therefore, the assumption made by the social construction of knowledge is that knowledge resides in language, in the construction of language and in its use.

This assumption suggests that knowledge is both relative and universal (real). Knowledge is relative for two reasons. First, because all individuals will have experienced different spatial and temporal contexts and will have drawn knowledge from these contexts differently. This knowledge and experience is processed by the human brain, which adds further relativity, and shared with the human group, (the process of communication also adds a degree of relativity). Second, knowledge is relative because the typifications and significations used by a human group will be unique to that group. In the modern world this uniqueness is rarely absolute but differs in degree depending on a human group's closeness or remoteness to another human group.

To a degree knowledge is also universal because typifications and significations enable human beings to share knowledge habitually (and consciously). For example, the concepts that derive from the word 'man' are naturally learnt in the course of learning the English language and, therefore, knowledge is accrued in the course of human interaction. 'Knowledge' that resides in the language (habitual knowledge), therefore, is automatically available to all members of a social group who share the same language and hence universal to the members of that community.

Clearly, the position proposed here suggests that knowledge has relative and universal features and argues that language allows for common understanding, individual interpretation and significant variety in form to exist simultaneously. In this sense, when compared with contemporary debate in social psychology, this argument illustrates that debate between realism and relativism is an over simplification. For the individual knowledge is embedded in the historical construction of meaning acquired from others and is interpreted by the individual, indicating the coexistence of realism and relativism. These principles will thus have an impact on how human behaviour and interaction is understood.

7. 2. 4. The Social Construction of Human Behaviour

As a consequence of assumptions made about reality and knowledge a number of principles about the social construction of human behaviour can be identified. This framework for assumptions about human behaviour has been developed from the social construction of personality (Hampson, 1982), ideas about the nature of choice (Shackle, 1979) and implications for understanding human behaviour derived from other works on social constructionism (Garfinkel, 1967; Schutz, 1967; Giddens, 1976; Berger and Luckmann, 1979; Pfeffer, 1981; Isabella, 1990; Weick, 1995; Fischer et al. 1997; Parker, 1998; Nightingale and Cromby, 1999).

The three dimensions of reality have a differential impact on assumptions about human behaviour. The subjective dimension leads to many assumptions from psychology and economic psychology about the nature of internal processes including modes of thought, the acquisition of belief systems and the processes involved in individual choice. The objective dimension leads to many assumptions about how human beings observe and interpret the external world including theories about the senses. The shared dimension leads to assumptions derived from social psychology, sociology, ethnography and linguistics and includes assumptions about how human beings interact within groups, how they construct language and how language transfers meaning between human beings.

It is quite clear from this introduction, therefore, that a theory of the social construction of human behaviour would be extremely complex and quite beyond the objectives of this research. Some initial assumptions about human behaviour can be put forward that can help construct a theoretical framework for a study of 'entrepreneurial' behaviour.

Every individual human being's subjective reality, that which exists inside them, is unique because they have experienced different times and different spaces and have drawn different information from these social contexts. In understanding human behaviour this will mean that an individual's unique past experiences will have an impact on their values, beliefs and motivations. It will also mean that how individual's assess social situations, how they choose to draw information from these social situations and how they interpret and store

this information will have an impact on their future behaviour. In other words, the influences behind an individual's internal values, beliefs and knowledge lead them to a restricted number of possible behaviours in any given situation. The shear complexity of the influences, the number of possible behavioural strategies that they lead to and the fact that these are unique for each individual effectively result in an assumption of non-determinant behaviour. As a result of this assumption about human behaviour five factors will influence the social construction of entrepreneurial behaviour.

xxiii) The social context of a human being's behaviour may have an impact in two ways. First, it might impact residual knowledge derived from cumulative experience and human interaction. Second, it might impact on the perception of appropriate and inappropriate behaviours.

xxiv) An individual's past experiences may thus influence the strategies of behaviour they believe are open to them.

xxv) An individual's 'knowledge' or information about the external social environment may depend on the methods they use to accumulate and interpret external stimuli.

xxvi) Individual's may have many but not an unlimited number of possible behavioural strategies in any given situation.

xxvii) The influences on an individual's choice of behaviour may be unique to each individual and the social context in which behaviour occurs. The influences on a human being's choice of behaviour, therefore, are so complex that they effectively lead to an assumption of non-determinism.

Such non-determinism might have an impact on an individual's capacity to interpret the objective world as well as the social environment. Human understanding of the external environment is dependent on the typificatory schemes used by social groups. These typifications will only transfer habitual knowledge that has become accepted within the group. The strategies of human behaviour open to an individual, therefore, may be dependent on the residual

knowledge of a community. In other words, one cannot act to make profit if no concept of profit exists within the residual knowledge of the community within which one lives (unless the concept is gained from a different community).

Even if a concept exists an individual's past experience may influence their 'ranking' of the 'pursuit of profit' as a potential behavioural strategy and influence their choice. For example, if in the past those who pursued profit were killed then the choice of that behavioural strategy does exist but the probability that an individual would choose it may be dependent on its perceived *outcomes*. Thus what an individual perceives as the potential outcomes of certain behaviours will have weight in their choice of behaviour. Thus four key principles can be identified which have an impact on the social construction of entrepreneurial behaviour.

xxviii) An individual's habitual knowledge may be dependent on the communities of which he/she is a member and this may restrict the behavioural strategies available.

xxix) Individuals might have all the behavioural strategies available to them for which a community does have residual knowledge about regardless of the potential outcomes of those behaviours.

xxx) The communities 'culture' (i.e. how certain behaviours are rewarded or discouraged) may have an impact on how an individual rates possible behavioural strategies.

xxxi) The individual's perception of outcomes that derive from different behavioural strategies may enter into their choice of behaviour.

Social reality is constructed by human groups during human interaction and is passed across generations by the use of a community's language. The co-ordinates for life within a social group, particularly expectations about appropriate and inappropriate behaviours may reside in language. Language and the stories used in the community may communicate its expectations about accepted behaviour. These expectations are not necessarily complimentary

because most individuals interact with many human communities and many levels of community.

As a result, individuals may choose to adapt their behavioural strategies to different communities dependent on those community's expectations (hence role theory – Biddle and Edwin, 1966) or rebel against a community's expectations because they are aware of other behavioural strategies and have a greater belief in those behaviours. It is also evident that because individuals choose behaviour they can also choose behaviours that are deemed unacceptable in their community even when not influenced by the expectations of a different human group. In other words, human beings can choose 'anti-social' behaviour because knowledge of that behaviour exists. From this assumption about human behaviour three more principles influencing the social construction of entrepreneurial behaviour can be identified.

xxxii) The expectations of a community often reside in its language and stories.

xxxiii) Individuals experience many communities and levels of community and, as a result, may experience conflicting expectations that lead to many possible behavioural strategies. As a consequence individuals can choose from many potential behavioural strategies in any social context but may not necessarily have any obvious choices.

xxxiv) As individuals choose behaviour and are aware of behaviours that are deemed unacceptable they can choose to rebel against the expectations of the community.

An individual's remoteness or closeness in time and space to social reality will have an impact on their choice of sustained behaviour (Fischer et al. 1997; West and Meyer, 1997). Their closeness or remoteness to social reality will impact on the objectives that an individual deems as achievable and desirable because they may have more *awareness* of the strategies of behaviour that need to be employed to gain their desired outcomes (Shackle, 1955). An individual may be aware of many outcomes, and the strategies of behaviour (thought to be)

required to achieve these outcomes because language allows 'knowledge' to be available across and between human groups.

This awareness may be dependent on the individual's ability to accumulate and interpret information from their social environment, their ability to imagine new outcomes and the availability of information in their social environment. For example, in the modern world an individual's opportunities are likely to be wider than in the past because improved communication technologies make more people aware of a greater number of possible objectives of sustained behaviour. Such awareness inevitably leads to greater choice.

Choice of outcomes of behaviour is further increased by an individual's ability to *imagine* new outcomes (Shackle, 1979). Imagination and intuition may be important in the process of human behaviour because individuals can put together their unique internal 'knowledge' in new ways and externalise these thoughts to others. In doing so new 'knowledge' can be created because of the uniqueness of each person's subjective reality, the mental processes being exercised on this 'knowledge' and the ability to share this 'knowledge' with others. This assumption will also have an impact on the social construction of entrepreneurial behaviour and number of principles can be shown.

xxxv) An individual's awareness of the outcomes and strategies of behaviour may influence their confidence of success and impact on their choice of sustained behaviour.

xxxvi) An increase in the availability of information from other human groups may increase an individual's awareness of sustained behaviour and possible outcomes of behaviour.

xxxvii) Imagination has an important impact on an individual's ability to identify 'new' potential objectives of sustained behaviour that fall outside those available to their immediate social group (Shackle, 1979). Individual thought processes, the uniqueness of each individual's subjective domain and the ability we have to externalise

this 'knowledge' all contribute to our ability to produce 'new' objectives for sustained behaviour.

The principles underlying the social construction of human behaviour, although initial propositions, present a complex situation of non-deterministic behaviour that can have an impact on how one understands and researches entrepreneurial behaviour. From the propositions presented human behaviour is essentially about choice. Although these propositions cannot be described as an assumption of 'free will', where an individual has no restrictions placed on what they can choose, choice is central to explaining behaviour. In other words, people do make choices about their actions but they also have restrictions placed on what they can choose. For example, choice of a particular action is dependent on an individual's awareness that such an action is possible. Choice is central because human beings choose the objectives they seek to pursue and choose the strategies of behaviour they think will most likely achieve those objectives.

Restrictions on choice are also inevitable. Choice is restricted by; an individual's awareness of possible objectives; their ability to interpret their social environment; their social context; the culture of the groups they interact with; their own cognitive skills and the habitual knowledge available in the communities in which they live. These restrictions may limit an individual's awareness of possible objectives for behaviour and restrict their knowledge of behavioural strategies that could help achieve their objectives.

These factors may also influence how an individual rates the benefits that can accrue from pursuing a course of sustained behaviour. Even with these restrictions, however, there are many behavioural strategies open to any individual in any social context. The individual may choose a desired outcome for behaviour and choose a strategy of behaviour that they believe will achieve the outcome they desire. As a consequence, therefore, an understanding about the nature of choice becomes essential when explaining 'entrepreneurial' behaviour (Shackle, 1979).

The assumptions identified in the social construction of reality, knowledge and human behaviour provide a firm philosophical foundation for a theory of entrepreneurial behaviour based on Social Constructionism. The form of Social Constructionism applied is at once more complicated and more multi-faceted than has been applied in some contemporary research. It does not necessarily resolve the realism-relativism debate but it does illustrate that a philosophical position consistent with Social Constructionism can accept elements of both standpoints.

As with any meta-theorectial framework these propositions are designed to support the development of theory. Philosophy, however, is a dangerous pursuit because there can be other explanations for a set of phenomena that could make an equally strong case. Such assumptions thus rarely provide definitive answers. The purpose of this framework has not been to attempt to answer any fundamental questions of philosophy, however, but to make and communicate explicit assumptions that can help construct an interpretive theory of entrepreneurial behaviour.

In the next chapter a theoretical framework will be constructed from the principles of Social Constructionism as argued for in this chapter and the framework will be used to investigate 'entrepreneurial' behaviour.

Chapter Eight

Theoretical Framework.

8. 1. Introduction

The principles identified in chapter twelve forms a set of meta-theoretical assumptions for understanding Social Constructionism and they will be used to construct a theory of entrepreneurial behaviour. From the analysis conducted it is evident that any understanding of particular types of human behaviour are inextricably linked to assumptions about human behaviour itself. Naturally this is also true of entrepreneurial behaviour. A theory of the social construction of entrepreneurial behaviour must, therefore, adhere to the principles identified.

As a consequence of these assumptions, however, defining 'entrepreneurial' behaviour itself presents a complex and dynamic problem. This is because the behaviour understood to be 'entrepreneurial' by a community is inextricably linked with that community's previous observations, how they link these observations to the label and how the behaviour is valued within the community. What is considered 'entrepreneurial', even within human groups that use the same language may not necessarily be the same.

The principles of Social Constructionism as argued for, however, do not assume that knowledge is purely relative, the assumption is that the universality of 'knowledge' resides in the use of a common language. As a consequence it is possible for researchers to be aware of the common factors that derive from a society's use of a category of behaviour such as 'entrepreneurship' and this awareness can guide research. For a more systematic understanding of the behavioural type it may be necessary to investigate the meaning behind the concept that derives from its use by human groups and build research on these foundations.

Based on these principles one can, however, highlight some broad factors that derive from the common knowledge of one's own community (both research and general) while recognising that it is possible that even these broad

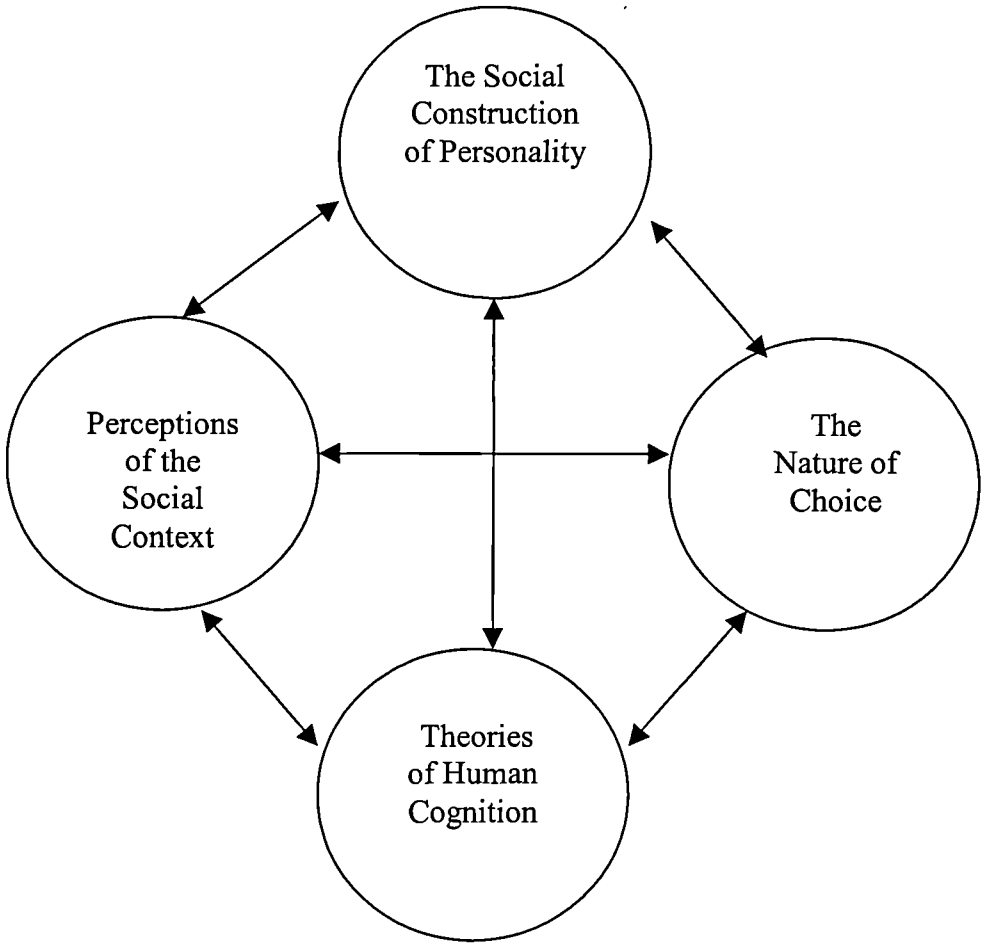
principles may differ in other communities. For example, 'enterprising' behaviour can be defined as; *'purposeful behaviour in pursuit of imagined goals'* (derived from the work of Shackle, 1979). It is possible to identify that entrepreneurial behaviour is linked with the capitalist system (Kirzner, 1980) and that entrepreneurs are involved with the creation, maintenance and growth of businesses (Carland, Hoy and Carland, 1988).

Going beyond these broad principles, however, leads into considerable debate about what phenomenon is actually being studied (Churchill and Lewis, 1986). The micro conceptual framework must inevitably go beyond these principles to enable a comprehensive piece of field research. It is important however, that the broader framework does not pre-judge these issues if it purports to be one derived from Social Constructionism. This is because Social Constructionism seeks to identify the meaning behind social behaviour and the disagreements in meaning are important in understanding what behaviours are described as 'entrepreneurship'. The broad conceptual framework must, therefore, provide a way of examining purposeful behaviour in relation to the creation, maintenance and growth of business enterprises without prejudging what those behaviours are.

Figure 8. 1. shows the four principle areas of understanding that are inter-related and that may have an influence on any attempt to understand purposeful behaviour regardless of the ends towards which such behaviour is directed. From this conceptual framework it is possible to identify avenues of further research on the subject of 'entrepreneurial' behaviour. Despite the fact that this analysis will be addressed under these headings the purpose of this theoretical framework is to synthesise these theories into a theory of the Social Construction of entrepreneurial behaviour.

Figure 8. 1.

Theoretical Framework



8. 2. Theoretical Framework

8. 2. 1. Human Behaviour

The social construction of personality (Hampson, 1982; 1988) is essentially a theory about how human beings interpret their own and other people's behaviour. From the principles identified underlying Social Constructionism there are a number of potential avenues of research that derive from the question; how do human beings interpret their own and other people's behaviour?

Proposition One: The nature of the behavioural type 'entrepreneurship' itself may depend on the meaning ascribed to it by human groups.

Consequently research could be conducted that investigates the meaning placed on the label 'entrepreneurship' by different human groups. Such research could examine the trait descriptors commonly used by different individuals to explain the behaviour 'entrepreneurship'. The data derived from such an analysis could be investigated in relation to the social background of respondents.

Other research could be directed to identify the positive and negative aspects of meaning and investigate how these aspects impact on the cultural perspectives of different human groups. These two areas of research would examine the lay meaning behind the word 'entrepreneurship' as well as support those approaches that have examined the self and theoreticians perspectives on the subject in the Social Constructionist paradigm (Chell, Haworth and Brearley, 1991; Chell, Hedberg-Jalonen and Miettinen, 1997).

Proposition Two: The behaviours expected of 'entrepreneurs' may differ between human groups.

Research, as well as examining the lay meaning underlying the behavioural type 'entrepreneurship', could also examine the implicit expectations groups hold about behaviours that lead to 'entrepreneurial' behaviour. This research would thus investigate lay beliefs about what underlying behaviours constitute 'entrepreneurship'. Further research could be conducted that investigates how these lay beliefs differ between segments of society and between societies. Such research would add to the totality of 'knowledge' about the expectations human groups hold about 'entrepreneurial' behaviour and may allow for the emergence of new forms of behavioural expectations that had not previously been considered to be important by theoreticians.

Proposition Three: Knowledge about how a human group values entrepreneurial behaviour may reside in their language.

In the social construction of entrepreneurship information about a human group's values in relation to behaviours may reside in their language. More specifically information about these values may be communicated to new

generations by the stories used to communicate a group's expectations. As such, another avenue of research could broadly investigate narratives and stories used by human groups to identify the values they place on behaviours linked to entrepreneurship (Steyaert and Bouwen, 1997). Such research could co-operate with that examining the behaviours linked to 'entrepreneurship' from the lay perspective of the social construction of personality (Chell et al. 1991). This is because the behaviours thought to constitute entrepreneurship within a lay community will impact on the behaviours one examines when exploring the narratives and stories used by a community. The implicit valuation of behaviour that exists within language is an important subject of study because it may have an impact on objectives individuals choose for sustained behaviour and, as a consequence, the prevalence of those behaviours within a community.

Proposition Four: Self-perception, derived from the interpretation of one's own behaviour may impact on an individual's future behaviour.

An individual's self perception, derived from; confidence, their perception of success from past behaviour and their beliefs about other people's perceptions of them may have an impact on their future behavioural choices. Research could be undertaken to understand; how individuals interpret their own 'entrepreneurial' behaviour. How their perceived success or failure influences their future behaviour and the evaluation of others reinforces their behavioural strategies and objectives of behaviour. For example, to introduce theories about the reinforcement of behaviour using the Social Constructionist paradigm (Naffziger, Hornsby and Kuratko, 1992) and investigate the influences of reflexivity in entrepreneurial behaviour (Soros, 1998).

Proposition Five: 'Common' knowledge that resides in language is available to theoreticians.

In the social construction of entrepreneurship much knowledge exists in language itself. As a consequence research can build effectively on the research community's past observations about 'entrepreneurial' behaviour (Reynolds, 1991; Brockhaus and Horwitz, 1985). Such research could become more comprehensive if it began to introduce other group's interpretations about the

subject into the research endeavour (i.e. introducing transdisciplinarity – Gibbons et al. 1994). This is because while theoreticians perspectives about the behaviours that constitute 'entrepreneurship' will derive from common knowledge a more systematic analysis would take into consideration other group's perspectives. As a consequence research could identify new behaviours that are associated with 'entrepreneurship' by people outside the research and/or business communities.

8. 2. 2. Human Choice

The nature of choice (Shackle, 1979) is essentially about the questions; how do human beings make choices about behaviour? How do they choose objectives for behaviour? Both areas hold significance when trying to understand behaviour form the interpretive paradigm. Objectives (intentions – Bird, 1988; Boyd and Vozikis, 1994 - or motivations – Naffziger et al. 1994) are the long-term goals towards which an individual acts. They are important because they contribute to an individual's purpose for behaviour and, as a consequence, may help explain sustained behaviour. An individual's strategies of behaviour also hold importance because they represent what an individual thinks is the best way to achieve their objectives. Both, however, are open to an individual's choice and as a consequence have a more dynamic interaction with an individual's social situation than has been acknowledged in the past research indicated. From the principles identified in the meta-theoretical framework a number of avenues for future research on entrepreneurial choice could be developed.

Proposition Six: Choices about what information to assimilate from the external world may impact on an individual 'entrepreneur's' recognition of possible objectives (opportunities) for future sustained behaviour.

Research could be conducted that investigates; how 'entrepreneurs' seek information (Chell, 1997) and how unforeseen opportunities impact on their choice of long-term objectives. If information seeking and assimilation prove to be important elements of entrepreneurial behaviour it is evident that research

could investigate the strategies 'entrepreneurs' use to gather and interpret information and how this affects their subsequent decision-making.

Proposition Seven: Perceptions about how human groups value behaviours may impact on an individual's choice of 'entrepreneurial' behaviour.

Research into the values placed on the behaviours associated with 'entrepreneurship' by business owners could provide useful information on whether values had an influence on their choice of objectives for behaviour. Such research could be supported by comparative studies between the perceptions of business owners and other groups of people. How a community values certain objectives or outcomes of behaviour may have an important impact on the number, type and quality of people who pursue those outcomes.

Proposition Eight: Individual 'entrepreneurs' will have many strategies of behaviour available to them.

Even when choosing the same objective, for example to start a restaurant business, different individuals may choose different behavioural strategies to achieve their desired outcome. Research could be conducted into, how and why individuals pursue different strategies of behaviour even when the desired ends for behaviour are the same. Such research could also look in greater detail at the process of choice itself. For example, how are end goals for sustained behaviour selected? What other end goals have been considered? What impact have opportunities had on the reselection of end goals? To what extent are end goals contradictory? To investigate choice further, other research could be conducted into the choices of people who have contemplated 'entrepreneurial' behaviour but have not chosen to pursue it.

Proposition Nine: The influences on choice may be unique to each individual 'entrepreneur'.

The major consequence of Social Constructionism, even that used by this thesis, is relativity in social enquiry. Nowhere is this more evident than when trying to identify the factors contributing to an individual's choice of behaviour. One can observe commonalties in the outcomes of behaviours, however, and in

the categorisation of behaviour itself (i.e. as a consequence of the prototypicality of trait descriptors – Chell et al. 1991; 1997). To improve understanding of the factors underlying individual choice research could be conducted that examines explicitly choices of sustained behaviour as they relate to 'entrepreneurship'.

This would seek to identify common categories of factors considered when choosing similar strategies of behaviour within 'entrepreneurship', for example, providing for ones family, and would go further than current categorisations, such as, growth, life-style and change (Gray, 1998). Further research could seek to identify the relationship between factors considered and behaviours employed.

Proposition Ten: Objectives of behaviour and strategies of behaviour may only exist if the residual knowledge is available within an individual 'entrepreneur's' community.

In the social construction of entrepreneurial behaviour an individual's awareness of potential avenues of behaviour may be dependent on the 'common' knowledge of the community of which they are apart. If there is no common knowledge of a potential objective, or of possible behavioural strategies to achieve an objective, there may be no capacity to pursue it (except where new objectives are imagined).

Research using an ethnographic framework (Hammersley, 1992) could be conducted that seeks to compare the availability of knowledge about 'entrepreneurial' behaviour in capitalist societies when compared with similar behavioural patterns in non-capitalist societies or groups. Such research would provide data on how the availability of habitual knowledge about behavioural strategies impacts on individual's choice of behaviours.

Other research could be conducted within a society or between societies investigating 'behavioural orientation'. In the sense that awareness of the effective conduct of types of behaviour, such as profit seeking, may be linked to the perceived risk of employing those behaviours. This research would also have an impact on proposition six.

Proposition 11: An individual 'entrepreneur's' perception of the outcomes of behaviours may impact on their choice of behaviour.

How an individual rates the benefits of acting in a certain fashion will be influenced by their interaction with human groups. As a consequence, research investigating the intentions of 'entrepreneurs' (Bird, 1988; Boyd and Vozikis, 1994; Kolvereid, 1997) could also seek to examine how the perceived benefits of behaviour (i.e. their imagined outcomes) lead to an individual's intentions.

In other words, examine the underlying beliefs that lead an individual to a course of action as well as examining what they intend to do. Following such research more complex research could be conducted that compares how individuals rate the effectiveness of particular forms of behaviour in relation to the outcomes they desire. For example, how does an individual choose a behavioural strategy? Or does it emerge? And, what impact does this have on their 'success' in achieving their desired outcomes? Research of this nature may contribute to an understanding of business performance in relation to business owner's actual behaviours. The differences that exist between types of business owners and business performance may also be illustrated by the types of behaviours they use (Chell et al. 1991; Chell et al. 1997).

Proposition 12: Introducing human choice may impact on research into 'entrepreneurial' behaviour.

In the social construction of entrepreneurial behaviour the introduction of choice will have a fundamental impact on entrepreneurial research itself. Much of the research reviewed in this thesis has used some form of determinist assumption about human behaviour. If choice is viewed as central to an explanation of entrepreneurship many of the assumptions of past research are turned upside-down. Macro-economic theories may lose much of their predictive capability, psychologists studying entrepreneurship may need to reassess their ideas of personality, and sociologists may need to reassess the impact of the individual. As a consequence of introducing human choice, all theories may need to become more comprehensive and integrate psychological, sociological, economic and ethnographic concepts.

Such developments could lead to a research paradigm in entrepreneurship based on multidisciplinary and trans-disciplinary research (Gibbons et al., 1994). If the discipline were to introduce human choice into its framework research would be needed that would identify the theoretical and methodological frameworks needed to explore choice. For example, in terms of field research what methods would one use? How can one assess and understand choice? The introduction of choice might consequently require new theories and new methods that begin to explain it and operationalise research.

8. 2. 3. Human Cognition

Human cognition in this framework is essentially about the questions: how do human beings visualise and interpret their social context? How do human beings process information? How do they produce new knowledge? When choice is introduced as a major factor in order to understand 'entrepreneurial' behaviour human cognition also becomes an important element. This is because the interpretation of information about one's social context, one's imagination and intuition, all lead to an individual's ability to recognise potential objectives for behaviour (or opportunities in one's environment). The cognitive skills of individuals, therefore, have an impact on their subjective reality, on their awareness of the social context and their ability to identify new 'things' (ideas, knowledge, technology etc.). As a consequence, cognitive skills may influence an individual's propensity to pursue 'entrepreneurial' behaviour.

Proposition 13: The methods an individual 'entrepreneur' uses to obtain and interpret external stimuli may have an impact on their residual 'knowledge'.

In the social construction of 'entrepreneurial' behaviour the interpretation of external stimuli has an impact because of the 'fuzziness' surrounding the boundaries of the subjective, objective and shared dimensions of reality. An individual's aptitude at interpreting the social context (the shared dimension) may impact on their internal 'knowledge' (the subjective dimension) and influence their perceptions of the external environment. These perceptions may influence their choice of outcomes and strategies of behaviour. It is likely,

therefore, that the way an individual accumulates information about the external environment may have an influence on their *awareness* of possible ends of behaviour and ways of achieving those ends.

Research could be conducted that investigates the cognitive strategies different individuals use to accumulate information and scan their external environment. Different strategies may lead to different levels of awareness in relation to the environment. Awareness of the social context of behaviour, or indeed lack of it (when one defines 'entrepreneurship' as business formation), may have an impact on individual's propensity to act in an 'entrepreneurial' manner. Further research could also explore these strategies in relation to an individual's recognition of opportunities.

Proposition 14: Awareness of potential outcomes of behaviour and the strategies that could be used to achieve these outcomes may be dependent on the 'entrepreneur's' cognitive skills.

As well as interpreting external stimuli human beings process this information using rational, intuitive and holistic thought processes. These cognitive skills may have an impact on the choices individuals make, their awareness of opportunity and their ability to imagine new opportunities for behaviour. As a consequence, a propensity to act in an 'entrepreneurial' manner may be linked with individual's cognitive capabilities (Shaver and Scott, 1991; Gaglio and Taub, 1992). For example, an ability to recognise opportunity may be linked to intuitive capabilities while an ability to exploit opportunity may be linked to rational thought processes (Allinson, Chell and Hayes, 2000).

Research could, therefore, examine the thought processes behind actions and particularly link such research to different forms and types of 'entrepreneurial' behaviour. Such research could introduce theories and concepts from cognitive psychology to help explain the link between, cognition, choice and behaviour (Shaver and Scott, 1991).

Proposition 15: An individual 'entrepreneur's' ability to imagine the future social environment may impact on their ability to create new 'things' (technology, ideas, methods of organisation etc.)

In the social construction of entrepreneurial behaviour human beings act in the present and the future social context is undetermined. As a consequence an individual's ability to imagine possible future scenarios and act in the present to make those scenarios happen may have an effect on 'entrepreneurial' behaviour. Being 'successful', or indeed being lucky, may depend on the co-ordination of the individual's imagined future reality and with others collective perception of that reality. It also depends on the 'success' of individual's actions in turning what they imagine into reality. In other words, because the future is indeterminate an ability to imagine what it could be like can have an impact on what it becomes. For example, science fiction can be made to turn into science fact.

For this reason research into 'entrepreneurial' behaviour could examine imagination and investigate how 'entrepreneurs' visualise the future outcomes of their behaviour. It would be useful to investigate the magnitude of these 'visions' and compare them to the behaviours employed. Subsequent research could investigate the outcomes of behaviour in relation to an individual's imagined outcomes. This is because one can have a vision of the future but unless one acts (or other people act as a result of the vision) the vision is unlikely to turn into a reality. It is also possible to theorise that an individual's ability to persuade other people to act, in pursuit of their vision, may also be significant when turning that vision into reality.

Proposition 16: Introducing human cognition may impact on research into entrepreneurial behaviour.

As with the introduction of human choice into theories of entrepreneurial behaviour the introduction of human cognition will impact on the theories and methods used to understand the subject. Although, there has been some progress in this area (Shaver and Scott, 1991) the introduction of human cognition would also require research on the theoretical and methodological frameworks that are needed to understand it. Such frameworks may be available in psychology and research could primarily seek to identify and introduce these concepts into theories of entrepreneurial behaviour.

8. 2. 4. The Social and Cultural Context

As the social construction of entrepreneurial behaviour is a theory derived from social psychology, behaviour and influences on behaviour do not occur in isolation. In Social Constructionism the shared dimension of reality (i.e. the social context) is the most important because it impacts on both how human beings interpret the objective reality and the construction of their subjective reality. A theory of the social construction of entrepreneurship must, therefore, take into consideration the question; what is the actual social context within which behaviour occurs? For Social Constructionism, however, this is a somewhat paradoxical question. Understanding the social context of behaviour, therefore, requires research to take into consideration more than one individual's perspective about particular social situations (Chell et al. 1991; Chell, 1997; Chell and Pittaway, 1998a). From this perspective of the social context a number of new avenues of future research can be suggested.

Proposition 17: An individual 'entrepreneur's' past interaction (experiences) with other human beings and information acquired from that interaction may impact on their residual knowledge (subjective reality).

Proposition 18: An individual 'entrepreneur's' past experiences may impact on the strategies of behaviour they believe are open to them.

Propositions 17 and 18 indicate that although an individual's past experience will be unique to them their experiences may have an impact on their current and future behaviour, and the objectives they choose to pursue. As a consequence, research examining 'entrepreneurial' behaviour could investigate individuals past experiences. A possible emphasis could be placed on family lives (Kets de Vries, 1977) and on career progression (Gray, 1998). In the past, however, such approaches have assumed a deterministic relationship between one set of past experiences and behaviour. The theory presented, however, would suggest a more dynamic relationship between past experiences and behaviour. An individual's past experiences may derive from many sources, may have an influence in unclear ways and will not determine future behaviour.

Proposition 19: An individual 'entrepreneur' may only have access to the residual knowledge of the communities that he/she interacts with (communication technologies are included as a mode of interaction).

Proposition 20: How a community rewards or discourages behaviour may impact on how an individual rates possible behavioural strategies.

In the social construction of entrepreneurial behaviour the cultural as well as the social context of behaviour is important because it may impact on the 'knowledge' an individual is able to accumulate and may have an influence on how the individual rates the objectives for and benefits of behaviour. As a consequence the cultural context may affect what an individual chooses to do. In a theory of the social construction of 'entrepreneurial' behaviour, therefore, the culture of a group may well affect the habitual knowledge available and provides information to the individual about how the human group rates certain behaviours and the outcomes of behaviour. As a consequence, research could be conducted examining culture in relation to 'entrepreneurial' behaviour (Chell and Adam, 1994; Gray, 1998). Such research may need to start by understanding the meaning placed on 'entrepreneurial' behaviour by a particular group and the behaviours associated with it. Subsequent research could examine how groups reinforce or discourage such behaviours in relation to other behaviours.

It may not be the case that 'entrepreneurial' behaviour is ever perceived negatively. It may be the degree of positive reinforcement when compared to other objectives of potential behaviour that may influence the number, type and quality of individuals seeking to pursue that objective. In other words, research could examine how different groups' rate the behaviours they associate with 'entrepreneurship' when compared with other potential behaviours.

Proposition 21: Individual 'entrepreneurs' may have experience of many communities and many levels of community.

Proposition 21, however, indicates that in the social construction of 'entrepreneurial' behaviour cultural studies will be far from simplistic. In the principles of Social Constructionism (as applied) it is suggested that each

individual has a unique subjective reality because no individual ever experiences the same times and spaces. This relativity occurs because to some degree every group that an individual interacts with has its own culture and residual knowledge. Although, the extent to which culture differs between groups may be dependent on its remoteness or closeness to other human groups, there may always be a degree of difference. As a consequence, therefore, the cultural influences on an individual's choices may be dynamic. There may be many levels of culture and the cultural influences on an individual may even be contradictory (Chell and Adam, 1994). Research, therefore, could be conducted that examines culture and its impact on individual choice at varying levels of (groups within) a community. Such research could move away from purely comparing national cultures and dig deeper into the cultural influences derived from other sources (which may include current research on class, gender and ethnic background).

First, research could concentrate on the meaning different groups' place on the label 'entrepreneurship'. Second, it could investigate the values groups hold about reinforcing or discouraging 'entrepreneurial' behaviour. Third, it could investigate how groups rate 'entrepreneurial' objectives of behaviour when compared to other possible alternatives. It is necessary to reiterate, however, in this thesis it is hypothesised that these elements of culture will only have an influence on an individual's choice of behaviour. An individual can still choose to rebel against expectations derived from group cultures and an individual also experiences the cultural expectations of many human groups, some of which may be contradictory. The individual's ability to balance up different strategies of behaviour and choose a strategy that they believe to be most appropriate, therefore, may be central to understanding behaviour. In other words, while an individual's behaviour is influenced by culture, its influence is complex and it is only one of many influences on human choice.

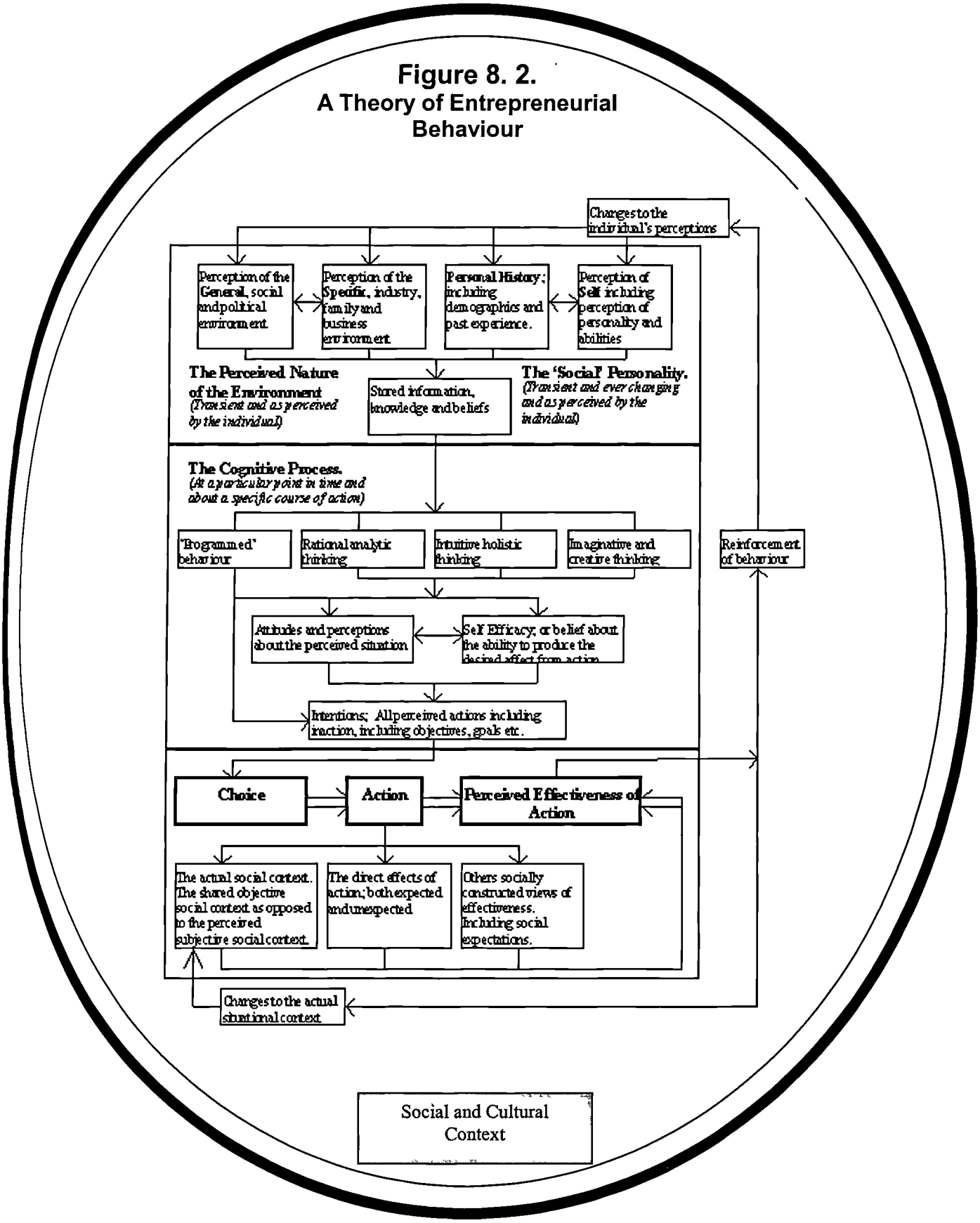
8. 2. 5. An Integrated Theory of Entrepreneurial Behaviour

From the 21 propositions identified in this chapter it is evident that a theory of 'entrepreneurial' behaviour based on Social Constructionism will have

four key areas of understanding on which it can be based. First, ideas about how human beings understand and interpret their own and other people's behaviour. Secondly, ideas about how human beings make choices about future behaviour. Thirdly, ideas about how human beings interpret and process information from their social context. Fourthly, the impact of the actual social context as interpreted by other human beings. By putting together these four principle areas, the propositions identified in this chapter and by theorising how these factors may be inter-related it is possible to present an integrated theory of 'entrepreneurial' behaviour. Figure 8. 2. shows this theoretical framework.

The framework derives from the meta-theoretical assumptions and, therefore, can be described as a theory of the 'social construction of 'entrepreneurial' behaviour'. *'Entrepreneurial' behaviour has been broadly defined as 'purposeful behaviour in pursuit of imagined goals directed at the creation, maintenance and growth of business enterprises'.*

Figure 8. 2.
A Theory of Entrepreneurial Behaviour



The theory of the social construction of 'entrepreneurial' behaviour presented in Figure 8. 2. presents six major areas for future research that derive from the inter-relationships of the hypotheses identified in this chapter.

i) The perceived nature of the environment or how an individual interprets and understands their social context.

ii) The 'social' personality derived from an individual's past experiences and their perception of self.

It is proposed that an individual's awareness and perceptions in these two areas may influence what they think they know about their external social context and their beliefs about their capabilities within that context. The human brain will process information gained from these beliefs and this is the next potential area for research endeavour.

iii) The cognitive process including the application of habitual knowledge, rational-analytical, intuitive-holistic and imaginative thought processes.

It is proposed that an individual's cognitive processes may interact with information available to them and consequently impact on their intentions for behaviour and their belief in their ability to produce the desired outcomes from the intentions considered. Once many rival intentions of behaviour have been identified an individual must make some choice about what they seek to pursue.

iv) The process of human choice

It is proposed that once a choice has been made about the intention for behaviour and the perceived outcome of that behaviour individuals will act.

v) The process of human action or the interpretation of actual behaviour

As well as making choices human beings act in their social and physical context and an understanding of this activity can be derived from the interpretation of others in the social context. This action will have an impact, both intended and unintended that will change the social and physical context of behaviour. The perceived effectiveness of action derived from many sources may thus impact on the individual's perceptions of the effectiveness of their behaviour. This perception will reinforce or discourage future behaviour.

vi) The reinforcement of behaviour (reflexivity) or the processes that enables a human being to rate the effectiveness of their actions when related to their original intentions.

It is proposed that there will be a constant inflow of information from an individual's social context and this information will reinforcement or reform their choice of behavioural strategies. As a consequence this theory is presented as a dynamic process. Intentions for behaviour may also be constantly reassessed by an individual who may have many intentions, some long term and some short-term, and these intentions can change as an individual's social context and perception of self changes.

The areas identified can constitute the six key aspects of research on the social construction of entrepreneurial behaviour. For the purposes of this research, however, it is necessary to frame the following field research around one of these six principle areas of social constructionism. The choice is made relatively simple by the 'newness' of the social constructionist paradigm within the study of 'entrepreneurship'. The principle topics one, two, three, four and six have not had significant (if any) research conducted on them that use the meta-theoretical assumptions of social constructionism. Of course past research has been conducted on personality (McClelland, 1955; Liles, 1974; Hull, Bosley and Udell, 1980) but it has used traditional trait theory that derives from a different set of assumptions.

Some initial ideas have been introduced about the impact of human cognition on entrepreneurial behaviour (Shaver and Scott, 1991) but as yet these are preliminary and have not suggested potential methods of research.

A theory about 'enterprising' choice has also been developed (Shackle, 1979) but the implications of this for entrepreneurial behaviour have not been elucidated and methods for investigating choice are scarce.

Ideas about the reinforcement of behaviour have also derived from Social Learning Theory (Rotter, 1966) and, therefore, a re-conceptualisation would be necessary to research reinforcement of behaviour from the perspective of social constructionism.

Clearly, five of the six areas of this theory would need to undergo substantial theoretical and methodological discussion before being able to contribute to field research. For the purposes of conducting field research only one area of this theory of the social construction of entrepreneurial behaviour is suitably developed to assist the construction of a methodology and undertake observation.

The fifth area, examining the interpretation of human action or behaviour in entrepreneurship, and based on the social construction of the entrepreneurial personality (Chell et al. 1991, Chell, 1997, Chell and Pittaway, 1998b [ANNEX 2]) is the only practical avenue available. This is because it has a developed methodological framework and some past observations on which field research may be constructed (Chell et al. 1997). It is also evident that from a practical point of view that there will be less difficulty analysing the outward sign of behaviour than the internal processes that lead to behaviour. If one chooses an appropriate methodology (based on the principles of the interpretive paradigm) it also be possible to identify factors relevant to the other principles. If this case the observations of the field research can be used to help construct concepts and methods of research.

In the next chapter, therefore, this analysis will progress by concentrating the fifth principle of the social construction of entrepreneurial behaviour. The chapter will develop and introduce the methodology from which a research method and micro-conceptual framework will be constructed. The methodology

chapter will introduce how the field research is to be conducted and the following section of the thesis will introduce the results and conclusions of the field research.

Chapter Nine

Methodology.

9. 1. Introduction

In chapter one it was identified that methodology is the philosophical study of the reasons behind a prescribed use of methods (Shionoya, 1992). The methods a researcher uses to investigate a phenomenon will, therefore, derive from philosophies highlighted in their methodology. In the previous two chapters a set of philosophical assumptions have been highlighted and used to construct a meta-theory and a theory for the social construction of entrepreneurial behaviour. The philosophical assumptions indicated must, therefore, be complimentary to the methodology and methods used to observe the subject and conduct field research. This chapter will thus briefly discuss ideas about methodology in the subject of entrepreneurship, introduce a number of methodologies that could be used and select one. The chapter will progress from the selection of methodology to the introduction of the specific method to be used for the field research.

9. 2. Methodology in Entrepreneurship

The methodology used in entrepreneurship has been criticised for a number of reasons and a number of recommendations have been made about how entrepreneurship researchers can improve methodology. Some of the key points are summarised here:

i) More longitudinal research (Hofer and Bygrave, 1992)
ii) Triangulation of data, data sources and research methods (Hofer and Bygrave, 1992)
iii) Increasing the depth of analysis using non-conditional data sets (Hofer and Bygrave, 1992)

iv) Use methods that reduce the retrospective nature of the research process (Smith, Gannon and Sapienza, 1989).

v) Less 'Physics Envy' having fewer theoretical models and more empirical models (Bygrave, 1989).

vi) Less concern with sophisticated statistical analyses (Bygrave, 1989)

vii) More field research using the researchers observation and intuition (Bygrave, 1989).

viii) More empirical research, whether grounded or exploratory (Bygrave, 1989).

These suggestions will be taken into consideration when designing the methodology for the field research. As identified in section two much of previous research into entrepreneurship has used methodological assumptions derived from the functionalist paradigm and, as consequence, not all of these recommendations will be appropriate to methodology derived from Social Constructionism. The functionalism of past research and the assumptions it leads to about reality, knowledge, human behaviour and the nature of society have resulted predominantly in the use of the scientific method in entrepreneurial research (Low and MacMillan, 1988; Bygrave, 1989; Hofer and Bygrave, 1992). The scientific model of research has a number of features:

i) It seeks precise definitions of phenomena.

ii) It seeks to identify variables and causality between variables.

iii) It is dominated by the use of statistics.

iv) The acquisition of knowledge is perceived to be incremental.

v) It looks for generalisations from field data.

vi) It assumes that the social world has a concrete reality.

vii) It expects the unification of theory.

viii) It expects progress towards ever-increasingly-correct knowledge.

These features of the scientific approach have often produced useful knowledge in the natural sciences and, as consequence, during the establishment

of the social sciences the scientific method was introduced as a major methodology (Morgan, 1983). During its use in the social sciences, however, it became evident to some researchers that the scientific method did not lend itself to the analysis of all forms of social phenomena and other types of methodologies designed specifically to research social phenomena were developed (Carmouche and Kelly, 1995).

The analysis presented in section two concludes that one of the major reasons that the assumptions of natural science are not appropriate for the study of social science is that social science must contend with philosophical assumptions about human beings. It is evident, therefore, that a subject whose central unit of inquiry is the purposeful behaviour of individuals has much to gain from applying alternative methodologies. Yet reviews of methodology in the literature indicate that research on the subject have tended to be harnessed to the scientific method (Bygrave, 1989; Aldrich, 1981) although there are exceptions (Chell, 1985). It is also indicated in these reviews that as 'new' area of research the deductive nature of scientific theory and method does not lend itself to the inductive emergence of knowledge from field observations (Bygrave, 1989).

It has been suggested that as a new area of research an over-reliance on theory construction as against phenomenological insights derived from observation is premature (Bygrave, 1989). The research conducted in this thesis would conclude that these views are quite valid but that one must look 'beyond method' to understand the nature of the problem (Morgan, 1983). Although the scientific method is a relatively extreme consequence of functionalism, it is the assumptions underlying functionalism that lead to the predominant use of this methodology in entrepreneurial research.

Methodology, in entrepreneurial research, if it is to progress into a situation of greater diversity needs to examine the link between meta-theory and method in greater detail (Morgan, 1983). For example Morgan suggests that:

"...the selection of method implies some view of the situation being studied, for any decision on how to study a phenomenon carries with it certain assumptions, or explicit answers to the question "What is being studied?" Morgan, 1983, p. 19.

In this sense a more diverse set of methods is certainly required but the methodologies on which they are based should be grounded in explicit meta-theoretical assumptions. This chapter will introduce a number of methodologies and methods that are linked to the interpretive paradigm of social research. In doing so it will indicate ways that researchers can broaden both the meta-theoretical base of research and the methods used to understand the social phenomenon of entrepreneurship.

9. 3. Methodology

The social construction of entrepreneurial behaviour uses a number of explicit philosophical assumptions that are derived from the interpretive paradigm of social research. Any prospective methodologies for this research, therefore, should use similar assumptions. There are four potential types of methodology that use interpretive assumptions that could be used by this research. They include; Action Research (Susman, 1983); Interpretive Interactionism (Denzin, 1983); Life History Methodology (Jones, 1983); Grounded Theory (Strauss and Corbin, 1990). The following analysis will introduce and critique these methodologies in relation to the broad subject area as defined by chapter thirteen. From this analysis a methodology will be highlighted and the technical method will be chosen and introduced.

9. 3. 1. Action Research (Susman, 1983)

Susman defines action research as:

"...a general mode of inquiry that seeks to contribute to the practical concerns of people in a problematic situation ***and*** *to the goals of social science within a mutually acceptable framework" (Susman, 1983, p. 95)*

Action research is essentially 'co-ordinated understanding by doing'. In other words, a researcher identifies a problem in a 'real' situation, acts on that problem, makes a record of the impact their actions had in the situation and reports the outcomes. On the subject of entrepreneurship one could undertake action research by starting one's own business, by becoming a business consultant or by supporting actual businesses through business situations. The

key to actual behaviour becoming action research, therefore, is where an individual systematically records and reports the process and the outcomes of action. In this sense action research seeks to unite thinking and doing or theory and practice. Its ontological assumption suggests that there is a 'real' world outside individual human beings and that an individual has imperfect knowledge of this reality.

Action research has a number of limitations as a methodology for this research. First, in order to act one must have a clearly definable problem situation. If the problem situation is not clearly defined, as is the case in entrepreneurship, how does one know which actions should be pursued? For example, should the action researcher in entrepreneurship examine starting a business or growing a business or the transition phase between growth and maturity? These possibilities are only three of numerous areas of action that could be the topics of action research within entrepreneurship.

Secondly, action research assumes that 'knowledge' about something can be gained more effectively from experience. The assumptions of Social Constructionism, however, do not fit with this view. Social Constructionism suggests that 'knowledge' is gained in a habitual way through language and as a result of human interaction. The parallel between these assumptions is akin to the proverb *"...a wise man learns from his mistakes but a wiser man learns from the mistakes of others."* In other words, the assumption is that the vast majority of knowledge is available in language and from other people and, therefore, by purely using experiential knowledge one will repeat other's mistakes. On this basis the philosophical assumptions made in the meta-theoretical framework do not *fit* perfectly with the assumptions of action research.

Thirdly, Social Constructionism assumes that all human beings have some form of *schema* that enable them to order the social and physical world. In action research these schema will enter into the research process in an implicit way because the researcher will be acting on past experience. As a consequence, action researchers will be applying concepts and ideas to their

research without making those concepts clear. Obviously researchers cannot avoid having this schema but it is preferable that it is made clear.

Fourthly, action research also presents practical difficulties for a researcher in a number of areas. For example, it would be difficult to gain access to small businesses to conduct action research unless the researcher has a proven track record in small business consultancy. The nature of a business owner's motivations (Gray, 1998) may skew the sample frame towards certain types of business owners. An individual motivated by independence and autonomy may not be willing to accept the 'help' implied by action research. It is also evident that availability of finance may have an impact on action research, particularly if entrepreneurship is defined as business founding. For these philosophical, theoretical and practical reasons action research is rejected as a possible methodology.

9. 3. 2. Interpretive Interactionism (Denzin, 1983)

Interpretive Interactionism is defined by Denzin (1983) as:

"The study and imputation of meaning, motive, intention, emotion and feeling, as these mental and interactive states are experienced and organized by interacting individuals" Denzin, 1983, p. 129.

For this methodology the central phenomena for enquiry are the situations people construct, give meaning to and inhabit. It is the interrelationship between the public and private lives of individuals, groups and human collectivities and these are addressed from the perspective of an individual's 'real' world as they perceive it. The philosophical assumptions underlying this methodology are similar to those of Social Constructionism. There is an assumption that individuals approach their life from the standpoint of typified stocks of knowledge that reflect past and current social interactions. These structures are assumed to be learnt habitually (or taken-for-granted) as in Social Constructionism. Individuals find their central point in their world from their relationship to everyday life and the established practices that make the world meaningful to them.

It is also assumed that people make history but that the histories that an individual makes may not always be their own. In the sense, that history is collective and other people's actions can impose on individuals courses of action they had not intended to take. Relationships to other individuals bind individuals into historical moments and these interrelationships may be characterised as different forms and types of *ensembles* (Denzin, 1983). For example two such ensembles include; *"series describes separate individuals who only share a common location in time and space"* and *"a group describes a collectivity in a state of reciprocal relationship" Denzin, 1983, p. 131.* In this sense an individual's location in the social world at any point in time is structured by localised practices that provide a frame of reference (experience) for the individual.

These philosophical assumptions have led this methodology to develop methods that are qualitative, ethnographic and as such seek thick-grained descriptions of life, as individuals and groups perceive it. A comparison between interpretive interactionism and the scientific approach to methodology can be highlighted.

i) The positivism used in the scientific method means that social phenomena that could not be verified under quantifiable and observable conditions are passed over although it is assumed that such phenomena are caused by something. As such social inquiry based on positivism has ignored human subjectivity, intentionality and meaning. Interpretive Interactionism, however, is deliberately designed to investigate expression and the interpretation of subjective human experience.

ii) The scientific method seeks to construct causal modes of inquiry and understand the 'why' questions of social phenomena. Interpretive Interactionism, however, replaces the 'why' questions with 'how' questions, asking how is social experience organised, perceived and constructed differently by individuals.

iii) Interpretive interactionism aims as far as possible for a concept-free mode of analysis. This assumes that the situations that make up an individual's frame of reference do not conform to conceptualisation. This is because every human situation is emergent, and filled with multiple, often conflicting meanings and interpretations.

iv) Interpretive Interactionism rejects any mechanistic/deterministic assumptions about human behaviour. It suggests instead that mind and body are intertwined in experiential processes.

v) It assumes that generalisation of social phenomena is erroneous. The interpretivist assumes that every instance of social interaction, if thickly described represents a slice from the life world and this is the proper subject matter of Interpretive Interactionism.

It is clear from these principles that interpretive interactionism chooses to assume that all social situations are unique and that one can gain understanding from these situations by describing them in detail and investigating what they mean to those involved. This leads to methods that seek to understand the meaning behind behaviour in specific social situations in a descriptive fashion.

Clearly, many of the assumptions of interpretive interactionism are the same as Social Constructionism, however, there are some fundamental differences. First, the assumptions made about human behaviour are more determinist than those of Social Constructionism. On the one hand, interpretive interactionism rejects the idea that human behaviour is determined by biological and psychological determinants but, on the other hand, it essentially replaces this determinism with another that suggests human behaviour is determined by social interaction and/or context. Social constructionism suggests, however, that although human behaviour is influenced by social context it is not determined by it (Chell and Rhodes, 1999). This occurs because individual human beings experience many social contexts and, as a result, must make choices about behaviours (both consciously and sub-consciously) that they think are most appropriate in those social situations. Such choices are also made habitually as a consequence of previous choices made in similar circumstances.

It is also assumed that human beings can choose behaviours that are not deemed appropriate in their social context.

Secondly, the assumptions made about reality are different. Interpretive interactionism assumes that each situation constitutes a unique reality and as a consequence it only seeks to describe situations and explain the meanings placed on these interactions. Social Constructionism, however, accepts that language (the shared reality of human beings) allows for the existence of some universality of concepts within human groups. It, therefore, argues that prototypical concepts and categories do exist that enable the identification of commonalties between and across groups (although relativity still has a significant impact). In other words, Social Constructionism has not rejected the 'why' question as a valid pursuit and suggests that concepts do exist within human groups.

For these two reasons the philosophical structure behind interpretive interactionism is rejected as a methodology. It is evident that the assumptions it makes are not hugely different from those of social constructionism. It is expected that many of its technical methods, for example, qualitative and ethnographic methods, could be adapted to social constructionism.

9. 3. 3. Life History Methodology (Jones, 1983)

Life history methodology is defined as:

"The life history methodology offers an interpretive framework through which the meaning of human experience is revealed in personal accounts, in a way that gives priority to individual explanations of actions rather than to methods that filter and sort responses into predetermined conceptual categories" Jones, 1983, p. 147

In this sense the life history methodology recognises that each person has their own implicit theory to account for their actions. As the name implies this methodology takes as its data the accounts of individuals about their lives, including their interpretation of events and the meaning participation in events held for them. There are two forms of accounts, those already available such as; autobiographies, diaries, records, and correspondence, and those generated from

in-depth interviewing (Jones, 1983). There are a number of principles on which such research should rest and they include (Jones, 1983);

i) The person must be viewed as a member of a culture
ii) The role of significant others in transmitting culture must be recognised.
iii) The systems of meaning behind an individual's behaviour must be acknowledged in research.
iv) The continuous relationship between character and experience over time must be a focus of analysis.
v) The social context must be continually associated with the action of the person.

The philosophical basis of the life history methodology can be shown from these criteria. The life history methodology assumes that 'humanness' is embedded in the tension between two counter-posing factors. First, human beings express their humanness through their actions on the world. Secondly, the world presents itself as an already constituted reality that forces itself on human consciousness. This dialectic implies that human beings must learn how to negotiate the social world before they can impose themselves on it (Jones, 1983). As in Social Constructionism knowledge is grounded in the everyday 'common-sense' world and in the constructions and explanations individuals use to describe their reality and behaviour. In fact, the assumptions of the life history methodology about knowledge are more or less identical to the Social Constructionism applied in this thesis. The only slight difference underlying their assumptions centres again on the universality of knowledge.

As with other interpretive methodologies the life history methodology assumes that social situations and human actions are unique and, therefore, as with interpretive interactionism, applies a pure form of social relativity. Social Constructionism as applied, however, accepts social relativity but argues that some form of universality in concepts can occur within groups and as a consequence of the use of a common language. It is evident, therefore, on a

philosophical level the life history methodology is not totally compatible with field research using Social Constructionism.

On a practical level, however, the life history methodology could be a useful technique for this research. First, one of the techniques of life history uses existing diaries, autobiographies and correspondence. These sets of data exist within the study of entrepreneurship, the accumulation and interpretation of these sources of data could be a valuable exercise. Secondly, the other technique, in-depth interviews, charts the life history of an individual's actions and could also be used to support research using this methodology.

There are also a number of critical weaknesses. First, because of pure relativity how would one know 'who' should be studied as 'entrepreneurs'. Social constructionism provides an answer for this question by suggesting that the definition of an 'entrepreneur' will depend on the perceptions of those individuals involved in the social context. The life history methodology does not, however, address this question. Secondly, the life history methodology depends on the *post hoc* rationalisation of somebody's own behaviour. While this is useful it can be criticised for being retrospective and it is likely that the individual's memory and post-rationalisation will influence their perceptions. In other words, an individual's perception of their actions at one time may be different two days after the event than it is twenty years after it. Thirdly, on a practical level the life history methodology is best suited to extensive longitudinal research, which presents difficulties when the research endeavour has a short-time frame. Fourthly, because of the detail involved in life history methodology access to the relevant people may prove to be problematic (when one has concluded 'who' should be the target of research).

Clearly, as the research methodology for this study the life history approach is also rejected. What is evident from this analysis, however, is that the methodology may well be useful when attempting to analyse an individual's self perspective in the social construction of personality. It may also be appropriate for Social Constructionist approaches taking a more relativist stance about the nature of reality (Potter, 1998).

9. 3. 4. Grounded Theory (Glaser and Strauss, 1967)

A grounded theory is defined by Strauss and Corbin (1990) as:

"A grounded theory is one that is inductively derived from the study of the phenomenon it represents. That is, it is discovered, developed, and provisionally verified through systematic data collection and analysis of data pertaining to that phenomenon" Strauss and Corbin, 1990, p. 23

Methodology based on grounded theory assumes that knowledge about phenomena and, therefore, theories about subjects *emerge* from the context of their analysis. It suggests that the research process is subjective, that a researcher has an impact on the context they study and that a researcher should attempt to build theory inductively from observations of social phenomena. There are four criteria on which grounded theory should be based (Glaser and Strauss, 1967).

i) Fitness: the theory must fit the substantive area to which it will be applied. This criterion suggests that theory should be based on observation and that theorists should attempt to restrict the impact his/her own ideals, occupation and social class have on the development of theory.

ii) Understanding: a theory should correspond to the realities of an area in a way that it should make sense and be understandable to the people working in that area. In other words, it should be communicated in a straightforward fashion and should have practical applications.

iii) Generality: depending on the conceptual level of study (unit of analysis) the theory should be guided by categories that should not be so abstract that they lose their contextual aspect but must be abstract enough to make the theory a general guide to complex ever-changing situations.

iv) Control: "*the theory must enable the person who uses it to have enough control in everyday situations to make its application worth trying" Glaser and Strauss, 1967, p. 245.*

A methodology based on the principles of grounded theory can use any form or combination of methods so long as the theory produced is inductive, has contextual qualities but can be generalised, and informs both theory and practice. As such grounded theory differs from the other methodologies analysed in this chapter. It does not reject all the tenets of the 'scientific method' as the other methodologies have done but suggests that in the past researchers have defined these canons too narrowly (Strauss and Corbin, 1990).

The point made by Strauss and Corbin (1990) is that the distinction lies between theory and description. The other methodologies reviewed have elected philosophical assumptions that suggest social situations are unique and, therefore, they attempt to describe and understand the meaning behind actual situations. By completely rejecting any form of generality, however, they have rejected any idea of theory and the consequence is different modes of description (as is predominant in some humanities). Even where social reality is assumed to be relative, complex and interpretive grounded theory suggests that generality is possible provided it does not become too abstract and disjointed from its context. In other words, in order to have some form of theory one must be able to generalise between social contexts. The key is to build categories (concepts) of understanding from observation, to be aware of social relativity and to recognise when the level of abstraction has disjointed theory from its context.

From this short discussion and the critique of other methodologies that has preceded it, it is clear that grounded theory is the only interpretive methodology discussed that completely fits with the assumptions of Social Constructionism. The main point of departure between the previous methodologies and Social Constructionism was their assumption of *pure* relativity in social phenomena. Grounded theory has addressed this problem by accepting the generality of concepts and categories in a more contextual way than the scientific method but has not elected to reject that generality is the purpose of social theory. It is also evident that grounded theory does not restrict in anyway the forms of technical method a researcher can use and indeed, encourages the use of many

methods (Strauss and Corbin, 1990). For example, any form of a qualitative or quantitative method could meet the principles identified.

As a consequence of this analysis and for the following field research grounded theory will be used as the methodology. This will mean that no precise definition of entrepreneurship will be given, that the research design will draw some broad parameters around the subject and the data analysis will seek to let many of the concepts and categories emerge from the data itself. Although, the methodology provides these principles for the research it is evident that a research method and a research design will need to be identified.

9. 4. Method

Grounded theory as a methodology provides some useful guidelines for the construction of emergent theory. What it does not do is stipulate the type of methods that should be used to produce a grounded theory. It allows qualitative methods but does not rule out quantitative methods and it has an emphasis towards utilitarianism. In other words, researchers should use technical methods that are most appropriate to investigate the phenomenon they seek to explain. As a consequence no method can be ruled out as a technique for this research providing it applies the principles of grounded theory. This research could legitimately use, questionnaires, focus groups, structured interviews, unstructured interviews, biographies and autobiographies, diaries, case studies, participant observation, observation and any other method one cares to mention (Symon and Cassell, 1998). It could also use any combination of these methods. The only methods that are clearly marginalised by grounded theory are large-scale postal surveys and laboratory work where the complexity of the social context is deliberately restricted. Rather than trawl through the various advantages and disadvantages of each method (as they relate to the broad subject identified) the key demands of this research that depend on Social Constructionism will be identified and a method will be selected that fulfils these criteria. The key demands are that the method:

i) Should derive from and use the assumptions of Social Constructionism as identified in the previous two chapters.

ii) Must operationalise the principles of grounded theory and use it as the research methodology.

iii) The method must be able to enable knowledge to emerge from its context (in line with grounded theory).

iv) Should have been used to study behaviour before in order that some understanding of its strengths and weaknesses are available.

v) Ideally it should be sensitive to problems of access and confidentiality as they relate to small business owners.

vi) Be able to ensure some form of triangulation of data types and/or data sources.

vii) Should encourage the individual's own perspective about behaviours to emerge from the data collected.

viii) Be able to allow the research to investigate the meaning, values and intentions underlying behaviour.

ix) Enable the emergence of general categories of behaviour that can be transferable between social situations, and between time and space.

x) That it assists with the interpretation of behaviour in relation to the subject of 'entrepreneurship'.

Having reviewed the methods used by other researchers in the field of entrepreneurship and Social Constructionism this research has elected to use a form of in-depth interview called the Critical Incident Technique, combined with other data drawn from the in-depth interviews (Chell, 1998). The critical incident technique has been chosen for a range of reasons. It links well with Social Constructionism because it provides data that are drawn from the interviewees' own perception of situations and understanding can be drawn from multiple constructions.

The critical incident technique has been used in organisational analysis from within the interpretive or phenomenological paradigm (Chell and Adam, 1994), although it has been used as a scientific tool (Flanagan, 1954). How the

method is used will primarily depend upon the underlying philosophical assumptions of the researcher (Morgan, 1983; Chell, 1998) and it is important for this discussion to illustrate how this method can be applied to Social Constructionist work. Social Constructionism often requires a critical examination of the underlying constructs that are applied within a social context or by researchers. Often there may need to be a reconsideration of the phenomenon under investigation and a redefinition of it. The critical incident interview has been used previously in Social Constructionist work because it provides a method whereby the individual can describe their feelings and beliefs about a particular situation and whereby these detail descriptions can be deconstructed for their meaning (Chell, 1998). Narrative analysis utilised by the CIT and based on grounded coding thus enables an understanding of the way individuals have constructed particular incidents. For example, it is evident in prior research in entrepreneurship that business owners experiencing similar business conditions construct their understanding of these situations differently and act differently according to their constructions (Chell, Haworth and Brearley, 1991).

The critical incident technique as it has been applied in prior research in the social construction of entrepreneurial behaviour fits particularly well with the meta-theoretical and theoretical arguments put forward in the previous two chapters. It does so because it allows for detail deconstruction of situations, perceptions, motivations and beliefs. It enables these deconstructions to be analysed, coded and understood. The method thus provides for a range of different understanding including some awareness of the cognitive processes involved in the constructions analysed, knowledge about choice and decision-making with regard to specific circumstances and understanding of the behaviours employed by business owners. In this sense the method is particularly useful for exploring some of the detailed areas of research about entrepreneurial behaviour highlighted in the previous chapter.

In the following discussion the technique will be introduced in detail, its fit to these criteria will be demonstrated further and the extent to which it

addresses recommendations for methodology in entrepreneurship will be introduced.

9. 4. 1. The Critical Incident Technique (Chell, 1998; Chell and Pittaway, 1998a)

The Critical Incident Technique (CIT) in its original conception consisted of:

"...a set of procedures for collecting direct observations of human behaviour in such a way as to facilitate their potential usefulness in solving practical problems and developing broad psychological principles." Flanagan, 1954, p. 327 - 358

The technique was applied to the study of occupational psychology and one of its first uses was in aviation; the analysis of the specific reasons for candidates failure to fly. The studies undertaken by Flanagan (1954) assumed a 'concreteness' about reality such that:

(i) The general purpose of the activity being undertaken could be specified.

(ii) The criteria of what constitutes effective or ineffective performance of the activity could be identified.

(iii) Observers could be given explicit criteria for judging / evaluating observed behaviours as reaching the standard or not.

Observations were deemed 'objective' (i.e. 'fact') if a number of independent observers made the same judgement. Using this method one of Flanagan's studies led to a number of changes in cockpit and instrument panel design while another study produced a set of descriptive categories or 'critical requirements' for effective combat leadership.

Studies in the tradition of Flanagan have assumed the tenets of the scientific method and used the CIT as a *quantitative method.* More recently, work has been undertaken by McClelland (1987) using a technique which he termed the "Behavioural Event Interview" and by Chell, Haworth and Brearley (1991) to facilitate the identification of behaviours associated with business development and entrepreneurship. Chell (1998) has suggested that combined with grounded theory and the content analysis of narrative data, the

philosophical assumptions of subjectivism are appropriate. As such the technique meets a number of the criteria identified. It has been used to investigate entrepreneurial behaviour before (Chell et al. 1991). It can be adapted to the principles of grounded theory. It enables the investigation of meaning behind behaviour. It allows for the introduction of the individual's own perspective on their behaviour (Chell, 1998; Chell and Pittaway, 1998a).

In the past the CIT has been used as a key method within an 'integrated training approach' (Faber and Fox, 1984) and as a technique for recording success or failure in service situations (Lockwood, 1984; Bitner, Booms and Stanfield Tetrecuilt, 1990). In the latter case the technique was used largely for purposes of reducing otherwise complex qualitative information to facilitate the assessment of positive and negative aspects of service and for analysis of sources of satisfaction or dissatisfaction. Three different methods for the collection of Critical Incidents have been suggested (Lockwood, 1984).

i) Self-completion where incidents are collected using structured forms.
ii) Interviews where the respondent recounts a story and is asked unstructured questions relevant to their particular account
iii) Group interviews where paired subjects in turn act as the interviewer or respondent.

In this research the second method, interviewing individuals and asking questions pertinent to the incident will be used. The interview approach will be used because it allows the incidents to be collected in a way that allows data about the individual's behavioural strategies, their future intentions and the outcomes from incidents to be collected in an emergent way. On the one hand, the structured form would not allow the depth of data required undertaking a grounded approach and, therefore, does not meet the criteria identified. On the other hand, the paired interviewing would be impractical outside a controlled environment. For example, it would be difficult to encourage business owners to attend a seminar in the first place, there may be some apathy when conducting the technique and that would impact on the quality of the data.

For this research, therefore, the in-depth interview was selected and the Critical Incident Technique was defined as:

"...a qualitative interview procedure which facilitates the investigation of significant occurrences (events, incidents, processes or issues) identified by the respondent, the way they are managed, and the outcomes in terms of perceived effects. The objective is to gain an understanding of the incident from the perspective of the individual, taking into account cognitive, affective and behavioural elements." Chell, 1998.

From this quotation it is evident that the method is an unstructured interview that allows the interviewee to self-select and discuss situations that have happened in the past. The researcher thus allows the topics to emerge according to the values of the interviewee and asks questions related to the incidents that probe an interviewee's feelings, values and actions in relation to the incident. The method used is designed to investigate the meaning behind actions, an individual's interpretation of actions and the perceived outcomes of behaviour (Morgan and Smircich, 1980). It thus assumes; that reality is phenomenal and not concrete, that data are subjective and not objective and that knowledge is socially constructed and not positivist. In this sense the technique achieves two more of the criteria identified. First, that it derives from social constructionism and, second, that it can facilitate emergent knowledge about behaviour.

A criticism of this technique is that CIT interview is essentially an interpretation of the interviewee's behaviour and data analysis is essentially a researcher's analysis of the interviewee's interpretation of their own behaviour. In the context of social constructionism this can be considered an acceptable weakness. A researcher using social constructionism is essentially interested in a respondent's rationale for behaviour and interpretation of a situation. The researcher is interested in how the individual socially constructs particular situations, therefore, it is an understanding of the individual's perspective about the interaction between their own behaviour and its context that is the central purpose for research. It is acceptable because 'reality' is constructed by the interaction between the subjective, objective and shared dimensions of reality (see chapter twelve) and as a consequence in social research there is no such thing as 'truth' that exists outside of the interpretation of events and actions made by human

beings (although knowledge can exist outside of the immediate context as a consequence of language, typifications and objectifications). In this sense, it is an understanding of the interpretation of events and behaviour that is sought when using this method.

The method used has five distinguishable elements (summarised from Chell 1998):

(i) *Gaining access.* Gaining access to conduct an interview is not a straightforward exercise. It may require initial telephone interviews that build trust and explain the purposes of the research. It may require a letter of introduction stating in detail the aims and objectives of the project. Before commencing the interview the interviewer will also need to have conducted background research on the interviewee in order to guide and facilitate what is a relatively unstructured process.

(ii) *Introducing the CIT.* Once the interviewer is facing the interviewee the critical incident technique needs to briefly introduced and explained. It is important the interviewee is aware of the nature of a critical incident before selecting incidents. Once the interviewee is aware of the nature of a critical incident they must be prompted to select some to discuss in the interview.

(iii) *Focusing the theme.* The interviewer must facilitate the interview and focus the interviewee's attention on specific incidents. It is often appropriate to start by getting the respondent to think backwards in chronological order and using a graphic illustration to represent time. The aid often enables the interviewee to think about critical points in their business as they relate to each other. Once a chronological list of incidents is identified it is then appropriate to get the respondent to choose some to discuss in the interview (three are usually enough for a one-hour interview).

(iv) *Controlling the interview.* The respondent should be encouraged to describe the incidents and the interviewer should probe for further detail.

Questions that probe the context and meaning behind an incident need to be used, such as: *What* happened next? *Why* did it happen? *What* did the parties concerned feel? *How* did you cope? (Chell, 1998). These probes should be translated into the context of the actual interview to build a rapport with the interviewee. For example, *What* did your partner feel about that? The interviewer should, therefore, seek further information about an incident in such away that it allows the individuals actions, beliefs and perceived outcomes of behaviour to emerge from the interview.

(v) *Concluding the interview.* The interview usually comes to a natural end when the interviewee's account of the incidents is complete. It is important that the researcher gives an impression that the interview was useful, that all information will be strictly confidential and used on an anonymous basis. The researcher should take care to thank the respondent for their time and help.

Clearly, although considerable work is required to conduct a CIT interview correctly, including preliminary investigative work, compilation of a sample frame and telephone interviews, the actual interview is largely unstructured. The sample frame was used to draw some boundaries around the research population but at the same time allow the data to 'emerge' from the research conducted. This was necessary to ensure a specific research focus but also to allow the research to 'fit' with the principles of social constructionism and grounded theory.

The method requires the interviewer to have a sound understanding of the theoretical issues involved, to understand the areas which need further probing and to be able to adapt the questioning to a particular interviewee. The data derived from the CIT interview is descriptive but provides insights into the individual's behaviour and the outcomes of behaviour in certain situations. As a consequence the coding and analysis of data from interviews has an important impact on the information and knowledge acquired from this technique. There are a number of coding techniques that could be used including, attributional

coding (Silvester, 1998), repertory grid analysis (Kelly, 1955; Kelly, 1986) and grounded coding/narrative analysis (Strauss and Corbin, 1990). Obviously because this method will be based on the methodology of grounded theory the grounded coding technique will be used to analyse data.

There are a number of advantages to using the CIT technique to explore entrepreneurship from the perspective of social constructionism. First, the CIT can help the researcher focus on specific issues and situations. This enables the contextual nature of behaviour to be represented while allowing for the development of general categories across a data set. Second, this approach allows much of the important data to *emerge* according to the values of the respondent rather than the values of the researcher. Third, CIT data even when collected using a subjective methodology, can be used both quantitatively and qualitatively. Used quantitatively it can assess the type, nature and frequency of incidents discussed. Used qualitatively the CIT provides more discursive data that can be subjected to narrative analysis. Fourth, data can often provide significant insights into the cognitive, affective and behavioural influences on the individual in response to an incident. Fifth, the CIT allows for a depth of understanding unavailable to some other methods (for example surveys) because the incidents are covered in considerable detail, a respondent can be prompted to reveal how they felt about situations and can discuss what the incidents meant to them as an individual. Sixth, the depth of data from the CIT can provide an insight into how the individual acted, the psychological prerogatives behind their actions and an indication of how their actions affected the outcome of the incident.

From this introduction of the CIT it is evident that it fulfils all of the criteria set for the research method. There are, however, a number of recognised limitations that need to be highlighted and addressed where possible.

First, although the CIT interview can be used to triangulate research by interviewing three individuals involved in particular incidents, access to other respondents when researching in small businesses is problematic (Chell and Pittaway, 1998a). This is largely due to the practical difficulties involved in gaining access to other persons who were present during the incident. Lack of

triangulation of data sources, therefore, is a recognised disadvantage but the research design will address this disadvantage by providing triangulation in data types rather than data sources.

Second, the data derived from CIT interviews is retrospective in nature. This is considered to be a weakness in the methods used within the study of entrepreneurship (Bygrave, 1989) and this method has not been able to solve this issue.

The research design will take this factor into consideration and restrict the selection of incidents to the most recent three years of business operation. Third, the CIT in this research will not be used to conduct longitudinal research (although it could be used to do so). This is a limitation of research methods in entrepreneurship (Bygrave, 1989) but this has not been addressed for practical reasons. Clearly, PhD research has a tightly restrict time frame and this makes longitudinal research impractical.

9. 5. Summary

The CIT has been chosen as the method to produce data that will be analysed according to the principles of grounded theory. It can be concluded from this analysis that the CIT technique is a versatile and useful tool for gathering primary data of a subjective nature from participants. Most importantly it has been illustrated that the method will help provide data that will enable a Social Constructionist approach as set out in the previous two chapters. It can thus, through careful coding reveal both quantifiable data, and bountiful descriptions of a qualitative kind allowing for an understanding of the constructions and motivations of individual business owners. Analytical categories derived from such sources increase validity and explanation. Reliability can also be enhanced by both cross-checking 'stories' and accounts with other field observers of the incidents, discussing inconsistencies with the primary subject and triangulation with other sources of data (e.g. documentary sources). The Critical Incident Technique also permits a degree of replication. Whilst the individual firm's circumstances may be unique the type of incident, the context, strategy and outcomes as a pattern of related activities may in general terms be apparent in

other businesses (Chell and Pittaway, 1998a). The CIT technique will, therefore, be used to conduct this research using the principles of grounded theory and the data will be coded using narrative analysis. The following section will introduce the research design, (including the research structure, research population and sample frame of the research), introduce the analysis of the research data and explain the results of the research.

Section Four
Results and Conclusions

Synopsis:

This section introduces, explains and draws conclusions from the field research undertaken. The research frame is explained and operational definitions are shown. The following chapters report the results of the field research including the results of two benchmark cases and 42 critical incident interviews. A typology of entrepreneurial behaviour is highlighted and the conclusions of the entire thesis are reported in the final chapter.

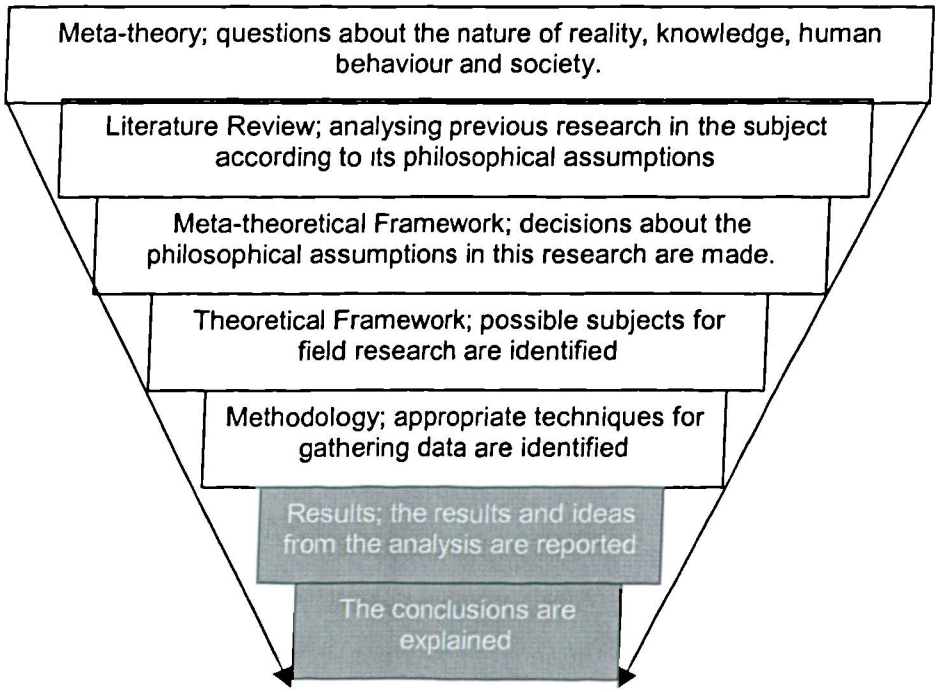
Aims:

1. *To explain the field research including research structure, sample frame and operational definitions.*

2. *To report the results of the field research.*

3. *To conclude the thesis by relating field observations to the theory of the social construction of entrepreneurial behaviour constructed in Section Three.*

The Structure of the Thesis



Chapter Ten

Research Design.

10. 1. Introduction

This chapter will introduce the research design, context and structure of the research and outline details about the research population and the sample frame. In previous sections of this thesis a comprehensive approach has been taken to create new knowledge about the broad subject area and to narrow the phenomenon of investigation to enable a manageable piece of field research. The process of narrowing the subject of study has involved a number of key decisions that need to guide the research design. These decisions include:

i) In section two it was concluded that the individual 'entrepreneur' was the central topic of inquiry for this research.

ii) In chapters seven and eight a framework for researching Social Constructionism was created.

iii) In chapter eight it was concluded that entrepreneurship will be broadly defined as *'purposeful behaviour in relation to the creation, maintenance or growth of business enterprises'*

iv) Also in chapter eight it was identified that the field research would concentrate on the interpretation of perceived behaviours in entrepreneurship as they relate to the social construction of the entrepreneurial personality.

v) In chapter nine a methodology and a method were identified and they will be used in the field research.

The research design will provide operational definitions of the subject and parameters for the emergence of concepts and these will narrow the subject of

study further. Once these operational parameters have been identified the following chapters will introduce the results of the field research undertaken.

10. 2. Research Structure

There are two major questions that are important to the structure of the research. First, who should be the target of CIT interviews? Second, how does the research achieve triangulation of data types?

10. 2. 1. The Target for CIT interviews.

The first question arises because at present no conclusion can be drawn about the behaviours that enable one to make a clear distinction between 'business owners' and 'entrepreneurs'. This is problematic because it does not help to explain who should be the target of interviews designed to understand entrepreneurial behaviour nor does it explain whether the entrepreneur is necessarily a business owner.

In order to address this problem and narrow the subject down further this research will concentrate on the behaviours of established small business owners as they relate to business growth. The rationale for this is to exclude any assumption that 'entrepreneurship' is purely about new venture creation while allowing data on behaviours to emerge according to grounded theory. The business owners interviewed in the research thus fulfil the definition applied. In this sense one is suggesting that in order to understand 'entrepreneurial' behaviour one must look at the behaviours, motivations and intentions of small business owners as they relate to business outcomes.

This does not suggest that all small business owners are entrepreneurs only that some small business owners may exhibit types of entrepreneurial behaviour. As such, the operational definition for this research is that an 'entrepreneur' is, *"an individual who establishes and manages a business for the principle purpose of profit and growth and who's business has experienced growth" (adapted from Carland, Hoy, Boulton and Carland, 1984, p. 358).* The operational definition of an established small business owner is *"an individual who has established and managed a business for at least three years and who*

employs less than fifty employees but has not necessarily experienced growth". The structure of the research thus interviews established small business owners (as opposed to people who have recently started a business) who employ less than fifty employees and the research seeks to investigate the relationship between their motivations, behaviours and business strategies. As such the work will distinguish between different types of business owner (including the entrepreneurial type).

The second issue derives from the social context of behaviour. In Social Constructionism the context of behaviour, for example, the regional, industry, market, political and cultural context of a business may have an important impact on an individual's business behaviour. As a consequence if one conducts research on business owners in many industry contexts one may be unable to distinguish between individual behavioural influences and contextual influences. For this reason the research structure will need to narrow down the subject to undertake research on a particular industry in a particular regional context. Such an approach will reduce the impact of contextual factors on behaviour and ensure the research is comparing like with like.

For the purposes of this research restaurant and café business owners in Newcastle-upon-Tyne were selected as the target of CIT interviews. For the research the operational definition of a restaurant and café is *"a business that offers food for sale and consumption at the business premises".* The rationale for this is purely a practical one. First, the researcher has expertise in the industry sector and this knowledge will support the conduct of CIT interviews. Second, the choice enables the researcher to concentrate on a regional and cultural context but at the same time it will provide a large enough population for the research. Third, these businesses will experience similar market conditions. Fourth, the location of the businesses will facilitate access. Clearly, this choice is an open one and the research could have concentrated on hotels, market garden businesses, shops, manufacturers, software companies or any other business sector. The key point of the choice, however, is to reduce the impact of different contextual factors on the interpretation of CIT data.

The targets of the core research are, therefore, *"owners of restaurant and café businesses in Newcastle-upon-Tyne who have been operating for more than three years and who employ less than fifty employees".*

A third issue for the target of research revolves around the question, how does one know what behaviours are entrepreneurial? To answer this question the research can draw from theory and research by using the behaviours that have emerged from previous CIT studies (Chell et al. 1991; Chell et al. 1997). As a consequence some of the grounded coding will derive from previous research and will utilise the Chell entrepreneurial personality profile (Chell et al. 1997). In order to support evidence from these previous studies, however, CIT interviews will be conducted with other restaurateurs who have been loosely defined as 'entrepreneurs' within the trade press *(Caterer and Hotelkeeper).* The data from these CIT interviews will be used as 'benchmarks' to compare and analyse data from the core interviews.

A second target for CIT interviews are, therefore, *"restaurant and café business owners who have been described as 'entrepreneurs' and who have fast growth orientated businesses".*

10. 2. 2. Triangulation of Data Types

A limitation of the CIT method when conducting research on small business owners is that it is difficult to achieve triangulation of data sources about incidents. For this reason this research has elected to triangulate data types rather than data sources.

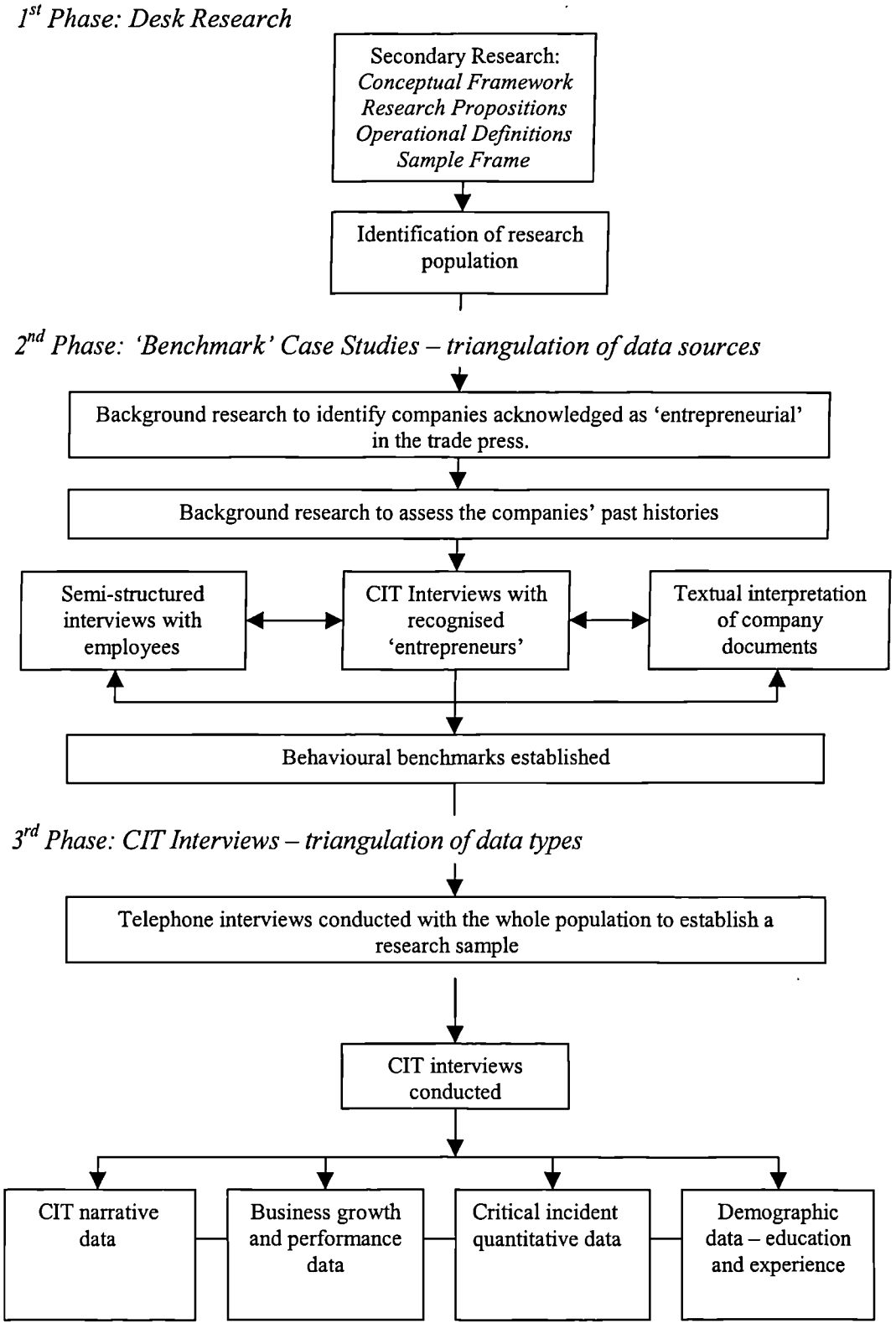
In the core research data types will be triangulated by asking for demographic information, information about business growth and from narrative and quantitative data from the CIT technique. In the second area of research, CIT interviews with recognised 'entrepreneurs', the sample size will be much smaller. As a consequence triangulation of data sources will be achieved by conducting a CIT interview with the business owner, a semi-structured interview with an employee who has worked for the company for more than one year and textual interpretation of company documents. This combination of data sources and types will provide a comprehensive set of data

about the nature, type and outcomes of behaviour in the context of the restaurant industry.

The data will be analysed using NUD*IST (qualitative analysis software) to facilitate a narrative analysis of the interviews and SPSS (quantitative analysis software) to facilitate statistical analysis of the critical incidents in relation to other variables. Figure 10. 1. concludes this discussion by presenting a pictorial summary of the research structure.

Figure 10. 1.

Research Structure



10. 3. Research Population

The research population consisted of all independent restaurant and café businesses in Newcastle-upon-Tyne. The information about these businesses was constructed from Newcastle City Council's Environmental Health database where all food premises are registered and from information available in the local telephone directories. For the purposes of this research the region of Newcastle-upon-Tyne is defined as Newcastle City Council's administrative area. There are sixteen districts within the administrative area and on the date that the population census was conducted (1st September 1996) there were 204 independent restaurant and café businesses in the location. Of these businesses 70% were located in one district (the city centre) while the remaining 30% were located in the outlying districts.

The restaurant population was segmented into clearly definable categories according to cuisine type. The *English (30%)* and *Italian (23%)* restaurants constituted the largest two restaurant types. While *Asian (17%)*, that included Indian, Bangladeshi and Pakistani restaurants, and *Chinese (17%)* were of a significant size. Other restaurant types that were evidently in a minority included Greek, Tai, Malaysian, Mexican/Tex Mex and Vegetarian. In the restaurant population it was also evident that table service and counter service were the two major forms of service style.

The ownership profile of restaurant businesses in the population identified that the majority were sole traders or partnerships (75%) while only a small number had limited status (25%). Average employment by restaurant businesses was ten employees and the total employment for all 204 businesses was calculated at 2,050 employees. Further information about the core research population is available in Appendix 9.

The research population for the CIT interviews with recognised 'entrepreneurs' was constructed from a review of the trade magazine *Caterer and Hotelkeeper* between January 5th 1995 – December 14th 1995. The criteria for the population frame were constructed from restaurateurs who were described as an 'entrepreneur' (whereby a journalist had coined the term entrepreneur to explain the activities of the individual) and whose business had

demonstrated some form of innovation or growth. There were five individuals in the population, Robert Earl (Planet Hollywood), Sir Terrance Conran (Conran Restaurants), Simon Woodroffe (Yo!Sushi), Eva Pascoe (Cyberia Cafes) and Matthew Kirby (The Mongolian BBQ Company).

10. 4. Sample Frame

The sample frame for the core research was any independent business owner in the Newcastle City Council administrative area who had been operating for more than three years and who employed less than 50 employees. In order to identify those businesses that met this sample frame a telephone interview was conducted with all business owners in the population (Appendix 10). Of the 204 businesses in the research population 107 businesses met the criteria of the sample frame.

All of the 107 business owners were approached and ask to undertake a CIT interview. Of those approached 42 agreed that they would like to be involved with the research. The sample of business owners is essentially a self-selected random sample. The researcher had explained only that an interview would be conducted on business issues. The main reason for this was to avoid the social desirability of using terms such as 'entrepreneurship' and the impact this may have had on the self-selection of the sample. The sample of 42 businesses does, however, represent 21% of the population and is considered to be an adequate representation of the population.

A slight weakness of the sample is the under representation of *Chinese (5% sample – 17% population)* and *Asian (5% sample – 17% population)* cuisine categories when compared to the over representation of *English (52% sample – 30% population)* cuisine. It is thought that this occurred because of language and cultural barriers. For example, following the research it was discovered that an introduction from a local Chinese colleague was really needed (for cultural reasons) if one had wanted to increase the involvement of the Chinese community. Apart from this weakness the research sample is considered to be a fair representation of the research population.

For CIT interviews with recognised 'entrepreneurs' the whole population was approached and asked to become involved with the research. Of the five Eva Pascoe (Cyberia Cafés) and Simon Woodroffe (Yo!Sushi) agreed to undertake CIT interviews, to allow the researcher to interview an employee and collect company documentation for textual analysis. There were a number of weaknesses in this sample. First, both companies were London based and, therefore, the social, regional and cultural context of behaviour was somewhat different from business owners based in Newcastle-upon-Tyne. Second, it would have been preferable to interview a larger number of the five targeted individuals. These weaknesses, however, were not considered to be overly problematic for a number of reasons. First, the triangulation of data sources in the research design strengths the depth of analysis and moves the research towards a form of basic case study. Second, these interviews were peripheral to the core research and, therefore, a large sample was unnecessary. Third, these interviews were designed to support ideas about 'entrepreneurial' behaviour that were derived from previous observations and, therefore, are designed to confirm previous observations rather than produce new ones (Chell et al. 1991; Chell et al. 1997).

To conclude this discussion about the sample frame 42 Newcastle restaurant and café owners were identified and interviewed using the CIT technique. Data was also collected on business growth and the individual's education and experience. Two other 'mini' case studies were also conducted on the two growth orientated restaurant companies founded by Eva Pascoe (Cyberia Cafés) and Simon Woodroffe (Yo!Sushi).

The following chapters will introduce the results of the research. Chapter eleven will concentrate on the benchmark cases. Chapter twelve will concentrate on a quantitative analysis of the critical incidents using SPSS. Chapter thirteen will concentrate on a narrative analysis of the CIT interviews using NUD*IST.

Chapter Eleven

Benchmark Cases.

11. 1. Introduction

This chapter will introduce the data analysis and results of the two benchmark cases conducted with the support of Eva Pascoe from Cyberia Cafés and Simon Woodroffe from Yo!Sushi. The cases were derived from three sources of data, documentary sources, CIT interviews with the respective business founders and in-depth interviews with employees. In the first part of this chapter the individuals will be briefly introduced and a brief historical overview of the companies will be provided. Following this historical overview an analysis of the narrative data will be undertaken and the implications of all of the data will be discussed.

11. 2. Historical Overview

11. 2. 1. Eva Pascoe – Cyberia Cafés

Eva Pascoe and Gene Teare were the founders of Cyberia Cafés. Eva can be described as an academic turned 'entrepreneur'. She gained a degree in linguistics from the University of Warsaw and arrived in the UK to study at University College, London. Eva's study was designed to analyse how communicative psychology could be applied to computers and she was responsible for developing interfaces for on-line information systems for Intranet applications. Eva continues to act as a visiting lecturer on the Hypermedia MA at Westminster University and is an honorary research fellow in Consumer Psychology at Madrid University. During her research at University College she had her first experiences with the Internet.

At the University she found herself struggling with specialised computer languages such as Unix in order to use the Internet. She spent seven years working on interface design in order to make the complex systems underlying the

Internet easy for people with no computing background. It was at this point that the World Wide Web was developed as an interface and Eva immediately realised its potential. Eva comments, *"When I first saw how easy it was to use the Web, I realised that a huge new form of communication was suddenly opening up."*

Despite this awareness Eva found that the academic environment was too restrictive, that there were only limited resources available to apply this new technology and that there was a degree of inertia surrounding the opening up of access to non-computer literate people. The result, apparently born on the back of paper napkins, was to sell Eva's share in a Polish software company and use the proceeds to set up Britain's first Internet café.

Cybercafe Ltd operating under the name Cyberia was set-up with an initial investment of £50,000. The first and original Internet café was set-up in London's West End (Tottenham Court Road) in September 1994. It was designed to bring emerging technology out of the virtual world and to provide individuals, groups and businesses with a relaxed atmosphere within which they could learn about new technology.

The concept that evolved was novel serving cappuccinos and snacks with access to the Internet and training on computers. The novelty of the business enabled it to become the focus of media attention and in 1995 Cyberia was awarded the BT/Sunday Times Award for Innovation in Information Technology. The brand name was also in demand and at the initial stage of the enterprise Cyberia had to fight off a bid by another Internet café trying to set-up in London using the same name. Following its initial success Cyberia attracted development funds from the Brahman Capital Corporation, George Soros' Quantum Fund, Maurice Saatchi's Meglomedia and Rolling Stone Mick Jagger. Through the use of franchising and other growth strategies Cyberia has grown and has opened sites in Ealing, Edinburgh, Manchester, Dublin, Tokyo, Bangkok and in the Pompidou centre Paris. In 1997 the company was valued at £5m and had several distinct business activities. Including the Cyberia cafés, training of individuals, groups and corporate clients, events, SubCyberia (a conference venue), merchandise and most recently, an Internet channel. Future planned developments include wider

exploitation of the food, drink and entertainment markets with spin-off concepts such as cyber-bars, cyber-restaurants and cyber-clubs.

11. 2. 2. Simon Woodroffe – YO! Sushi

Simon Woodroffe is the founder of YO!Sushi. Before setting up the brand 'YO!' Simon operated three previous businesses and had been self-employed for most of his working life. After starting out as a lighting designer at the Richmond theatre Simon spent 10 years as a designer and owned two design businesses. Following this period he spent ten years designing stage sets for the music business and designed stage sets (during the 70's & 80's) for notable rock groups like Elton John, Queen and Live Aid.

As a consequence of his contacts in the music industry Simon set-up his third company and sold the television rights to shows such as the Nelson Mandela concert and the Prince's Trust.

Simon reached a crucial point in his life because of personal circumstances and he began to reassess what he was doing. His reassessment of his life has clear connotations of possible displacement supporting Shapero's (1975) theory. It is clearly evident that Simon felt that a critical moment in his personal life had some impact on his reassessment and thus 'psychologically' displaced him from one way of leading his life into trying to recognise opportunities of other ways of living. He considers, *"I had arrived at the age of 45 having been successful but never made a fortune and I was highly motivated to be successful. I had all that experience of business and creativity and I knew that I wanted to go into a retail business because I had always been in service businesses. Where people have said where is Simon? And I always had to find the next job"*. This reassessment led Simon to contemplate starting many types of businesses including climbing walls and marketing companies and sushi was one of the ideas on his research list.

The idea was apparently hatched during a lunch with a Japanese friend who described conveyor-belt sushi restaurants in Japan where girls wore bikinis and mini-skirts. Simon immediately recognised this as an innovative opportunity, was surprised that nobody had thought of it before and began to research it. During his research he was further surprised that the concept had existed since the 1960's, that

there was extensive information on how to start conveyor-belt sushi bars in Japan and that one could even buy kits off the shelf.

Once he had conducted the research Simon deliberately sought to construct a brand and the result was 'YO!' which he suggests is designed to attract *"people with a certain attitude that are young at heart"* rather than being targeted at a strictly defined market segment.

YO!Sushi opened for business on London's Poland Street in January 1997 after an initial investment of £500,000. Initial backing came from a combination of sources including Simon's own money, an investment by a friend, a bank loan (including a government loan guarantee) and sponsorship from Japanese companies such as; Sony, Honda and Japanese Airline company ANA. Simon managed to raise the capital and ensured he maintained control of 90% of the business.

The YO!Sushi restaurant offers diners an experience that is designed to be entertaining. Diners sit at stools around a conveyor belt and help themselves from different sushi dishes that pass in front of them. The dishes are colour-coded according to price and the diner pays for the number of dishes consumed. Three automatic guided vehicle robots are programmed to carry drinks along the route of the 100 seat restaurant, the robots dodge customers, it is planned that the robots will talk and customers help themselves to Japanese beer, green tea and sake. Other high–tech solutions include a supply of mineral water on tap in front of the customer, sushi-making machines and televisions offering news about Japan and Sumo wrestling. Simon suggests that these innovations were not just about making the restaurant entertaining but have an important function to play in the restaurant's design and the productivity of the operation.

After its initial introduction to London the YO!Sushi concept has been the target of media attention, has been featured in a number of programmes and was selected by Microsoft to feature in one of its advertisements. Simon's ambitious expansion plans are based on the brand 'YO!' he states, *"I am completely clear about where I want to get to, I want the most famous youth brand in the world and all I have to do is to do things that fit in with that".*

Most recently Simon has begun a sushi delivery service in London called YO!ToGo. New restaurants have opened up in Harvey Nichols and Kensington. Simon has opened a bar underneath the Poland Street restaurant called 'YO!Below' and a shop called 'Yo!Shop'. There are plans for a contract catering business, a 'YO!tel' which is a highly automated hotel designed for the youth market and more YO!Sushi's are planned for Paris and other European (and US) cities. Growth is being maintained through a number of strategies, including franchising, joint ventures and owned outlets.

11. 3. Data Analysis

The structure of the analysis of the data from the two benchmark cases will start by introducing the textual data using the Chell, Hedberg-Jalonen and Miettinen (1997) personality profile. The following section will introduce the narrative data from the CIT interviews, documentary sources and interviews with employees. The final section will examine grounded categories and concepts that have been derived from the data analysis.

11. 3. 1. Textual Coding

The narrative data from the two CIT interviews with Simon and Eva have been analysed using the NUD*IST qualitative software and coded according to the Chell et al. (1997) personality profile. A text unit has been defined as a line (usually equal to between eight and ten words) of narrative data that is derived from the transcript of an interview. In order to make comparisons transcripts must be of a standardised format. If transcripts are standardised an analysis of the data can be conducted by quantifying the number of textual units in a particular category. By essentially counting the text units a researcher can provide an overview of the extent to which the individual discusses a particular subject in the interview. When this is incorporated into an analysis of data from a CIT interview it is possible to illustrate an individual's own perceptions about their past behaviours. Such an approach enables the researcher to compare information about past behaviour between different individuals in both a quantitative and qualitative way.

In this analysis the data has been coded according to subjects, beliefs, motivations and intentions that fit into a part of the Chell et al. (1997) profile. When the data from the whole profile is represented together a textual picture can be constructed. These pictures of the interviews provide an analytical view of the individual's and the researcher's perceptions about past behaviour. As such they can be used to assess the extent to which the individual's past behaviour 'fits' into the Chell et al. (1991) typology of business owners. The visual representation has been described as the 'entrepreneurial wheel'. Table 16. 1. reports the data and Figure 11. 1. and 11. 2. display the profiles for Simon Woodroffe and Eva Pascoe respectively.

Table 11. 1.

The Number and Proportion of Text Units Identified and Coded Using the Chell Entrepreneurial Personality Profile.

	SIMON		EVA	
	No. of text units	% of interview transcript	No. of text units	% of interview transcript
1. Opportunistic	29	4.1%	82	11.4%
2. Adventurous	34	4.8%	24	3.3%
3. Ideas person (Vision)	48	6.8%	2	0.3%
4. Restless/easily bored	24	3.4%	0	0
5. High profile/ Image maker	42	6.0%	3	0.4%
6. Proactive	55	7.9%	38	5.3%
7. Innovative	40	5.7%	19	2.6%
8. Financial Strategy	77	11.0%	46	6.4%
9. Change	38	5.4%	62	8.6%
10. Information- seeking	24	3.4%	13	1.8%
TOTAL	**411**	**58.5%**	**289**	**40.1%**

Figure 11. 1.

The'Entrepreneurial Wheel' for the CIT interview with Simon Woodroffe

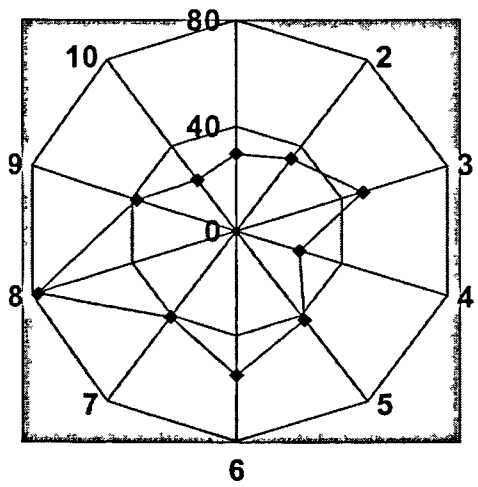
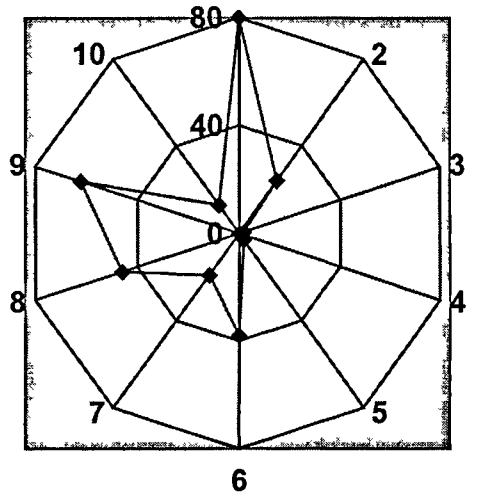


Figure 11. 2.

The 'Entrepreneurial Wheel' for the CIT interview with Eva Pascoe



From the textual analysis it is possible to identify two points of specific interest. First, from the data it is evident that the extent to which Simon discussed subjects that fitted into the Chell et al. profile constituted 59% of the whole interview. Given the emergent nature of the data in a CIT interview this is a considerable portion of the interview and represents significant evidence of past behaviours that are thought to represent forms of entrepreneurship.

At 40% textual evidence of past entrepreneurial behaviour is less in Eva Pascoe's interview but still represents a substantial proportion of the interview. One can suggest from these data that if conducted appropriately the CIT technique is quite effective at producing information about the individual's past behaviours. Second, the evidence about past behaviours indicates two significantly different behavioural profiles.

Both individuals have been successful at starting and growing businesses and yet the evidence from the interviews suggests two very different 'entrepreneurial profiles'. On the one hand, the analytical representation of Eva's interview would suggest evidence of past behaviour directed at the recognition and exploitation of opportunity and behaviours directed at change. On the other hand, Simon's profile is more rounded and demonstrates particular evidence of behaviours directed at the creation of ideas, image making and the application of financial awareness.

A question that arises from this point is, why are these profiles of behaviour different even when both individual's have successfully started and grown enterprises in the same industry context? The following section will discuss the narrative data from the CIT interviews, the interviews with employees and documentary evidence according to the coded categories of behaviour in order to analyse this question further.

11. 3. 2. Narrative Analysis

The textual analysis showed that there were two very different profiles for Simon Woodroffe and Eva Pascoe. In order to understand why such diversity might occur the following section analyses the narrative content of the interviews, documentary evidence and the interviews with employees.

Eva Pascoe demonstrated significant opportunity recognition. She had developed a new method for training IT and recognised its potential. Unfortunately, she was unable to fully exploit this opportunity at the university and left to pursue this idea by setting up a company. But as that company was being set up other opportunities were recognised.

"So, actually the idea was (training), to be honest it wasn't the world-wide web. I just wanted a training centre to try out our methods but somehow the internet really took off at that point and I thought okay." Eva Pascoe

The result (which was a team effort) was two companies, EasyNet and Cyberia Cafes both exploiting the opportunity presented by the new technology of the world-wide web. From the analysis of company documentation it was possible to identify that the company has involved many individual business ideas; an internet café, personal training on PCs, corporate training, an internet magazine, web-site design, and an online internet channel. The shear proliferation of business ideas, their inventiveness and the number of businesses that Eva has been involved with speaks volumes about the underlying use of opportunistic behaviour and the extent to which this was instilled in the corporate culture. Evidence from the interview with a company employee further confirms and illustrates the point.

"I'd say that it is very organic which is really weird I suppose that it is always flexible as well, it always growing and shrinking in some ways...I think that everybody who works here feel that if they have an idea they can put it forward and it will get equal consideration...and that is where a lot of our ideas come from." Cyberia Employee

In the interview it was clear that this employee felt that such corporate awareness of ideas derived from the corporate culture and that Eva Pascoe had been central to the generation of the company's culture. It was also explained that Eva Pascoe had significant awareness of the changing external circumstances outside the company and that this awareness had helped identify viable business ideas. This point was also confirmed during the analysis of Eva's interview. In her own view this change is dominated by external forces but some awareness of what might happen is essential to her ability to recognise opportunities.

"...it changes all the time and if you know roughly what the critical variables are then you can judge what will occur you can then just about benefit from it. So, I am not saying we were lucky entirely but after having made our career choices everything else was supported by luck. And I don't think that anybody else would think that we predicted that would happen, generally industries are like that and nobody shapes them anymore than they shape themselves."
Eva Pascoe

This evidence in Eva's interview is particularly interesting because it contradicts locus of control theories (Rotter, 1966; Chell et al. 1991) about entrepreneurs, Eva firmly believed that much of her industrial context fell outside her company's influence. The evidence did, however, support Kirzner's (1980) theory of opportunity recognition because the data suggested that much of Cyberia's success came from Eva's ability to identify opportunities in a rapidly changing environment. Looked at more deeply, however, the data cannot allow this point to be accepted uncritically.

Despite having a belief that much of her success was partially as a result of luck Eva also argued that nothing happened by chance, that changes in the industry were driven by collective actions that could not be predicted but were the result of human actions and decisions. Clearly this view links well with ideas about uncertainty that were key to the disequilibrium paradigm identified in the literature review and show the impact of social constructionism at the cultural/collective level.

This view is of particular interest because it indicates that external and internal locus of control as a model for understanding an individual's perceived relationship with their social context was far too simplistic (Chell and Rhodes, 1999). Indeed it indicated that lack of knowledge about the future as characterised by Knight (1921), Kirzner (1980), and Shackle (1979) has a powerful impact on behaviour and as a consequence on an individual's 'alertness' to possible opportunity.

Once Eva believed that an opportunity existed some attempt was made to exploit it. Exploitation of opportunity also appears to be central and in Eva's case meant acting on one's beliefs and persuading others that one's intuition and belief about an opportunity was correct. Addressing Kirzner's theory of

alertness to opportunity it appeared that alertness in Eva's case was only part of the equation. She became alert to an opportunity, harnessed a conviction that her intuition was correct and persuaded others to believe in her convictions. It is clear that alertness to opportunity form of entrepreneurial behaviour has specific cognitive aspects and these data confirm this and thus lead to a need for further research on cognition as it relates to different forms of behaviour (Allinson, Chell and Hayes, 1999).

This model also departs considerably from the idea of rational economic 'man' and it could be argued that this model is more akin to a form of religious conviction. These data also indicate that in industries where considerable change occurs intuition may be an important cognitive capability. Further quotations illustrate this point.

"...we still don't control it, you can't control it, the only thing that you can do is predict where the biggest changes may occur and work around that. I have a lot of intuition about technology and we have made a lot of mistakes by following it too much but we definitely know where things are going and it is almost not exciting but I can sense major changes or shifts before they happen but nobody controls them." Eva Pascoe

The picture painted by Eva's CIT interview is of a person who is comfortable with change, who can see how the patterns of change may shape her industry and who uses this intuition to identify opportunities. The employee interviewed also confirmed Eva Pascoe's change and creative orientation but pointed out a potential side effect that indicated the need for a team approach to entrepreneurship when one individual is particularly motivated to exploit opportunities.

"Who do you see as the over-all boss?" Interviewer
"I would say Phil and Eva together, in different ways. Phil because he does the day to day running of the place and if you want something you go to Phil and say hello, can I have some money for this. And Eva because, well several reasons, firstly, because she is the original business owner and also because she is the creative boss, she is the one who will come down and have ideas" Cyberia employee
"So, Eva is the innovative one?" Interviewer
"Yes, definitely, I would say that. Phil is responsible for curbing it occasionally!...I can tell you what before Phil came there was starting to be a slight danger of kind of growing a bit too much. And when he came in it has just improved things tremendously...I think we got to the point where we

started, where we went from being a small Internet Café company to something more than that, we needed somebody to come in and manage that." Cyberia employee

This extract from the interview clearly confirms the view that Eva was a creative individual but also clearly illustrates that creativity without business control may lead to the business over-reaching its resources. This supports the theoretical arguments put forward by stage model theories regarding the delegation of executive decision-making from 'creative' behaviour to 'management' behaviour as the firm grows into a larger enterprise (Sasser, Olsen and Wyckoff, 1978; Churchill, 1983; Scott and Bruce, 1987). It is also illustrates that a neglected area of research in entrepreneurship may be the relationship between the 'creative' and 'control' aspects of business enterprise.

The narrative data from Eva Pascoe's interview shows an individual who is creative, intuitive about change and can recognise where change presents opportunities for her company. It was clear from the analysis that the outcomes of her behaviour have had a fundamental importance on the success and growth of the business but that such growth has only been possible where such creativity was supported by realism and financial control. It was also evident that Eva has successfully managed to inculcate this creativity into the structure and culture of the Cyberia company. Comparing Simon's and Eva's companies it is clear that they were not at the same stage of development (Sasser et al. 1979; Pittaway and Chell, 1999). Yo!Sushi was a relatively new company and Cyberia Cafés was more established. The stage of business development may thus explain the relationship found between creativity and control because Cyberia Cafés were at the stage where they needed to ensure that further growth did not endanger the financial viability of the company.

The textual analysis of Simon Woodroffe's interview displays a more rounded entrepreneurial profile with particular awareness of financial issues, idea creation and a desire to create an image for the company. The founding of the YO!Sushi concept was predominantly an individual effort on the part of Simon Woodroffe. The desire to exploit ideas such as Yo!Sushi was strongly represented in Simon's CIT interview.

*"So I developed **a brand called Yo**[1]! Which you will see everywhere you go and from that I have developed a **load of different things**[2], 'Yo! to Go' sushi home delivery, 'Yo! event' catering... we are doing a whole load of merchandising, from 'Yo! to wear' to 'Baby Yo!', and I have a hotel concept in development called Yo!tel and we are doing lots more Yo!sushi's"... "I am very stimulated by ideas, what I do is have an idea and run with it"... "**Ideas come very easily to me at the moment I am in the creative period**[3]" Simon Woodroffe*

Simon's restaurant concept was not entirely new but was highly innovative when introduced into a new environment. Indeed, within the restaurant industry the restaurant design, layout, service style, pricing system and theme at their point of introduction were new. In this sense Simon can be described as an 'entrepreneur' using Schumpeter's (1934) model, however, one must also take account of the degree of innovation, for example, while the ideas are new to the industry they cannot be described as radically changing existing modes of production. It also clear that while the business was not radically innovative Simon did identify an opportunity to exploit and existing idea in a new market and, therefore, there is behavioural evidence supporting Kirzner's (1982) theory of opportunity recognition.

Simon's ideas while prolific are harnessed within an overall brand Yo! that he recognises as the umbrella brand under which he seeks to create many different business concepts. As a result Simon recognises the need for brand recognition and his desire to be an imager maker for his business and the brand were evident in his CIT interview.

"We then did the logo, that was a very important moment because suddenly we had this brand called Yo! and thought why hasn't anybody registered that before and we had it and we knew that we could do lots of things with it, Yo! can stand for so much."... "I am completely clear about where I want to get too, I want a worldwide, the most famous youth brand in the world and all I have to do is to do things that fit in with that" Simon Woodroffe

Further evidence of Simon's image making can be found in his selection for a Microsoft advertisement, the numerous magazine articles written about the

[1] Example of categorisation: profile/image making
[2] Example of categorisation: idea generation
[3] Example of categorisation: ideas/imagination

business and through his effective courting of the media. Evidence of the outcomes of this behaviour was available from the interview with an employee.

"Yes, there were a lot of press and I was a little afraid of them! ... there was a lot of press around, a lot of people taking pictures and filming and we all just tried to keep calm actually. We had a lot of press we had journalists from all over the world we had people from Germany, Japan, from all over the world... there was a lot of press coverage afterwards, in fact there still is press coverage... the press think that it is going to go upwards for a while." YO!Sushi employee.

This evidence of strong prototypical behaviour in image making is also supported by clear evidence of restless behaviour and the use of a psychological strategy to overcome the barriers of starting the business. Such evidence supports theories derived from human action (Knight 1921; Mises 1949) in the sense that Simon was responsible for creating his opportunities as well as simply being alert to existing opportunity. This was most demonstrated by his determination to attract finance to the business without selling equity and his determination to secure the appropriate location for the first business unit. The following extract concentrates on his psychological strategy.

"I got enthusiastic about it and I started writing a business plan every morning. At the beginning to get maybe two or three hours really solid working was an absolute struggle and within eight weeks I was probably working every waking hour, I was thinking, talking and dreaming about it. And it was just by, the word I used to describe it is acting as if. If you don't believe you are going to do it, because nobody has that belief in the early stages, you act as if you are going to do it and you do all the things as if you were somebody who is going to do it and after a while you get to believe your own story" Simon Woodroffe

Once again there is evidence in this extract that alertness to opportunity, an almost religious belief in the possible success of the idea and the persuasion of others to one's point of view appear to be central to the process. The evidence from Simon's CIT interview clearly paints a picture of an individual who has high aspirations, makes considerable effort to create awareness of the company, is constantly coming up with new business ideas and is highly innovative.

Although there are clear common features between these two interviews especially regarding the almost religious vigour in which the business concept is

held there are significant differences in their 'behavioural profiles'. Despite the fact that both of the entrepreneurs who were interviewed using the CIT interview were highly successful their CIT interviews demonstrated distinctly different profiles. This begs the question, why?

There are two questions that the narrative analysis raises that need to be addressed:

1) Why were the profiles for two 'proven' entrepreneurs so different?
2) How can these data be used as a benchmark to investigate other restaurant business owners?

11. 3. 3. Why were the profiles different?

The first and most obvious answer to the first question is to do with method. The coding of narrative data from the CIT interview using the 'Entrepreneurial Wheel' has two preconditions for it to be successful. First, the critical incidents must be emergent or self selected by the respondent. Second, the interviews must be of a similar length. Eva Pascoe's CIT interview was only 35 minutes as opposed to the ideal length of about 1-hour. As a consequence Eva's 'Entrepreneurial Wheel' is not a fair representation. From previous research (Chell et al. 1997) one would expect the areas of lower narrative content to have filled out towards the end of the interview (ideas person, restlessness, image maker).

It is evident that the selection of critical incidents is relatively arbitrary, although emergent, and that this could have an impact on the comparison between individuals. As the social context has an impact on behaviour an individual's choice of incident will influence the data made available. It is also the case that a firm's stage of development may also have an impact on comparability. For this reason in a larger sample size it would be inappropriate to analyse behaviours divorced from their narrative context. These points will inform the following chapters that will analyse the Newcastle-upon-Tyne interviews.

These potential weaknesses in the method do not explain, however, the difference in strengths between Eva and Simon. There are a number of potential

reasons for these differences, none of which can be seen, as definitive and all of which need further research.

i) There are many forms of 'successful' entrepreneurial behaviour and these individuals represent two different forms.

ii) Eva had particular strengths in some areas of the entrepreneurial profile and weaknesses in others. It is possible that because she recognised her weaknesses she was more inclined to develop a team approach to entrepreneurship. Simon who had a more rounded profile may have been inclined to a more individual approach to entrepreneurship.

iii) The industrial context influences the type of behaviours that are necessary for 'success'. Although the sample was designed to restrict the influence of industrial context Eva, on the one hand, was in the IT industry where continuous and extensive changes occur. Simon, on the other hand, was in the restaurant and café industry and in relative terms, the industry has a more stable environment. The difference in industrial context could explain why Eva sought to recognise opportunity while Simon sought to create opportunity.

iv) Simon's and Eva's businesses were not at the same stage of the Service Firm Life Cycle (Sasser et al. 1979; Pittaway and Chell, 1999). Yo!Sushi was a relatively new business while Cyberia Cafés was more established. The stage of the life cycle could influence the type of behaviours that lead to 'success' at that stage of the cycle (Churchill, 1983; Scott and Bruce, 1987). Indeed, there tend to be different competencies, behaviours and styles of operating that can stretch the individual owner-manager to a point where they reach their 'natural ceiling' (Kazanjian, 1984; Flamholtz, 1986). Eva Pascoe, on the one hand, has probably dealt with issues about releasing responsibility to other executives while Simon Woodroffe, on the other hand, is still responsible for the vast majority of executive decision-making.

From the analysis of Eva's and Simon's interviews it is clear that there were distinctly different profiles of behaviour underlying two recognised 'entrepreneurs'. It is likely that a combination of the above explanations why this occurs but at this stage of the research it is difficult to explain which of the above explanations, or combinations of explanations are correct or if there are other explanations that have not been thought of.

From this analysis and data one can suggest that more complex models, a more tightly controlled sample of firms and more detailed research are needed. The interviews conducted in the Newcastle-upon-Tyne restaurant industry will be used to help construct such models and the method will be adapted to create a tighter sample frame.

The research will progress from these benchmark interviews in a number of ways. First, in the interviews the individual's underlying motivations will be linked with their subsequent behaviours and the analysis will investigate how these impact on their approaches to business growth. Secondly, the research will concentrate on a specific industry context to reduce the influence of varying social contexts. As such the selection of business owners interviewed will be policed as diligently as possible. Thirdly, during the interviews the interview length (for the CIT section of the interview) must be within ten minutes either side of the hour to ensure transcript length does not vary excessively. Interviews that fall outside this criterion will be discarded. Fourthly, the stage of a firm's life cycle will be controlled by deliberately excluding businesses that have been operating for less than three years and excluding firms that employ more that fifty employees.

By ensuring the research method maintains these principles when examining the Newcastle-upon-Tyne data the weaknesses that occurred in this comparison of the two benchmark cases should be eliminated.

11. 3. 4. How can these data be used as a benchmark?

The 'entrepreneurial wheel' is a technique that can be used to evaluate CIT interviews according to narrative data and the prototypical categories of entrepreneurial behaviour. As such the closer the coding is to the centre of the

circle the less evidence there was of entrepreneurial behaviour in the interview. A 'benchmark' is created when one has 'knowledge' of how much coded data should exist in each prototypical category for a business owner to be classified as an entrepreneur, quasi-entrepreneur, administrator or caretaker business owner type.

These categories have been defined as:

"The prototypical entrepreneur is alert to business opportunities, innovative, an imager maker, restless and creates situations that result in change. In contrast the prototypical caretaker possesses none of these attributes. The prototypical quasi-entrepreneur has many but not all of the attributes of an entrepreneur. The prototype is that of someone who is adventurous, an ideas person, a high profile image maker, moderately innovative and proactive. The prototypical administrator is reactive rather than proactive, moderately innovative and they may take opportunities, but not regardless of current resources." (Derived from Chell et al. 1991, p.71 – 72).

The CIT interview with Eva Pascoe is rejected as a potential benchmark for these categorisations for two reasons. First, it was not a full CIT interview and the data are not representative. Second, Cyberia Cafés is a part of three industries, hospitality, training and information technology. As such many different industry forces influence the social context of behaviour and, therefore, it is not representative of behaviour in the restaurant and café industry.

Simon Woodroffe's CIT interview can, however, provide a benchmark against which business owners can be evaluated. This is because the initial business is a restaurant and because the CIT interview was about 1-hour. From this research a number of 'benchmarks' can be highlighted and used to guide the analysis of the data from the interviews of 42 business owners in Newcastle upon Tyne.

i) In each prototypical category of entrepreneurial behaviour 40 text units is the benchmark for a standard 1-hour CIT interview (calculated by taking the Simon's benchmark 400 text units of evidence in one interview and dividing by the number of behaviours explored, i. e. 400/10). In the research this benchmark will be operationalised by considering prototypical behaviours that are in the range 30 to 50 units

of textual evidence in an interview. Such a range recognises the arbitrary nature of a quantitative measure but also allows these benchmarks to act as a guide when categorising the business owners interviewed.

ii) In the full profile of entrepreneurial behaviour 400 text units is the benchmark for a standard 1-hour CIT interview.

The cut off points between these prototypical categories provides initial benchmarks. However, until further analysis has been undertaken on the Newcastle-upon-Tyne restaurateur data the cut off points remains arbitrary. These benchmarks will be used to investigate the behaviours of other business owners in the restaurant industry. Once they have been used more informed cut off points can be identified. The true usefulness of benchmarks, therefore, are in their application and until they have been used one cannot make judgements about their utility. The technique used, however, combining the Chell Entrepreneurial Profile, the Critical Incident Technqiue and the Entrepreneurial Wheel provides a powerful technique and it will be used in the analysis of the Newcastle-upon-Tyne interviews.

When the technique has been used to investigate a larger sample of small business owners in the restaurant industry the research should be able to produce valid benchmarks for future research in the industry context.

11. 4. Conclusions

The purpose of the benchmark cases was to undertake CIT interviews with business owners that had been identified as 'entrepreneurs' in the wider (hospitality) business community and to use the data from these interviews to help construct benchmarks for analysing the Newcastle-upon-Tyne interviews. In this regard this part of the research has been successful and useful knowledge has been developed to help analyse the business owner data and to improve the research method. As is often the case with research, however, these two cases have raised more questions than they have answered.

i) The analysis drew on the Chell et al. (1997) profile of entrepreneurial behaviour but in the textual analysis it has become evident that there were clearly two different types of 'entrepreneurial' behaviour. First, Eva who used intuition extensively to recognise opportunity in a fashion akin to Kirzner's alertness to opportunity model of entrepreneurship. Secondly, Simon who used imagination extensively to create opportunity and create an image, or a vision, to persuade others of the viability of the idea and encourage their support (which was more akin to Shackle's model of enterprising behaviour). This heterogeneity was further complicated when one attempted to understand why it had occurred. The potential reasons include simple methodological errors, clear typologies of entrepreneurial behaviour and the impact of social context in the guise of industry context and the business's stage of development. It was identified that no emphatic conclusion could be drawn and that the following stages of research should be adapted to investigate these questions in further depth. The method of research and the sampling frame has thus been changed in order to reduce the impact of the possible methodological problems, to reduce the impact of different industry contexts on the research and to look at businesses at similar stages of development.

ii) It was concluded that the CIT technique proved to be a very effective device for collecting information about an individual's past behaviours and beliefs and is quite effective at helping a researcher link these with the outcomes of behaviour. A number of key limitations of the method were, however, identified and these have been taken into consideration in the following research.

iii) A number of key relationships between theoretical models identified in the literature review and the data were also identified. These include evidence from Simon's interview that showed difficult personal circumstances had some impact on his change in career and supporting to some degree Shapero's theory of displacement. A recognition that in a qualitative research environment the locus of control (Rotter, 1966)

concept appeared to be far too simplistic. In the two cases analysed qualitative evidence was available that suggested that the idea generation and exploitation process was more like an exercise in religious vigour than the idea of rational decision-making. In the sense that belief in one's vision appeared to be as important, or indeed more important, than the rational analysis of an opportunity. There was some confirmation of the stages of growth theories. As the business grew there appeared to be a necessary shift from innovation and creativity to management and business control.

iv) There was qualitative evidence in this data set which indicated that cognitive skills were important to the business and to some extent showed important linkages to behaviours. Eva showing strengths in intuitive and holistic thinking which led to the recognition of opportunity and Simon showing strengths in imagination that led to the generation of ideas and opportunity creation.

v) The analysis provided a number of benchmarks but their utility can only be confirmed once they have been used in the broader research.

vi) A number of limitations of the approach taken can also be identified from the research conducted. First, the benchmarks created concentrate primarily on 'entrepreneurs'. A weakness of this approach is that it has tended to neglect the potential usefulness of benchmarks of other prototypical categories used (particularly administrators and caretakers). If the research were conducted again it would be appropriate to address this weakness. Second, using quantitative benchmarks of narrative content presents some limitations. They can be overly prescriptive, do not necessarily take into out the interview and critical incident context and are thus approximations. This limitation will become more apparent in the subsequent chapters.

Although these conclusions are necessarily limited by the sample size of the research the depth of data provided in these cases has been beneficial to the broader study on small business owners in the Newcastle-upon-Tyne restaurant

industry. Indeed, even the limitations have enabled improvements to the research design, method, sample frame and data analysis. The concluding chapter of this thesis will return to these findings to draw out recommendations for further research. The next chapter will begin the analysis of the main research data, exploring the critical incidents chosen by business owners in the sample frame according to type and grounded category. It will undertake this analysis by comparing these data with the growth profile of the businesses and the background of the business owners.

Chapter Twelve

Quantitative Analysis

12. 1. Introduction

In the previous chapter a number of key conclusions were drawn from the analysis of two benchmark cases. These conclusions were used to inform and improve the analysis of the data from the main research of 42 critical incident interviews. This chapter will further the data analysis section of this thesis by introducing and analysing the quantitative data from the CIT interviews. There are a number of different forms of data that will be analysed in this chapter.

i) Categorical data that will enable the use and construction of typologies of the business owners interviewed, of the businesses in the sample and their growth over three years (1994 – 1997).

ii) Descriptive statistics that will describe the categories of critical incidents chosen by respondents. This will include the use of grounded categories of incidents derived from the data.

iii) Analytical statistics that will investigate the linkage between the categorical data and the critical incidents chosen by business owners. The purpose of this analysis is to assess statistically whether different categories of business owners choose different types of incidents and to recognise these differences. Such an analysis can provide useful conclusions in its own right, however, it has been undertaken primarily to identify how such differences could impact on the qualitative data analysis.

12. 2. Categorical Data Analysis

There are two primary areas where categorical data were necessary in the research design. First, information and data about the business owners in the sample and second, information about the businesses including data about

business growth. The following analysis explains the basic distribution of the sample by categories used and where necessary these categories are defined.

12. 2. 1. Business Owner Classification

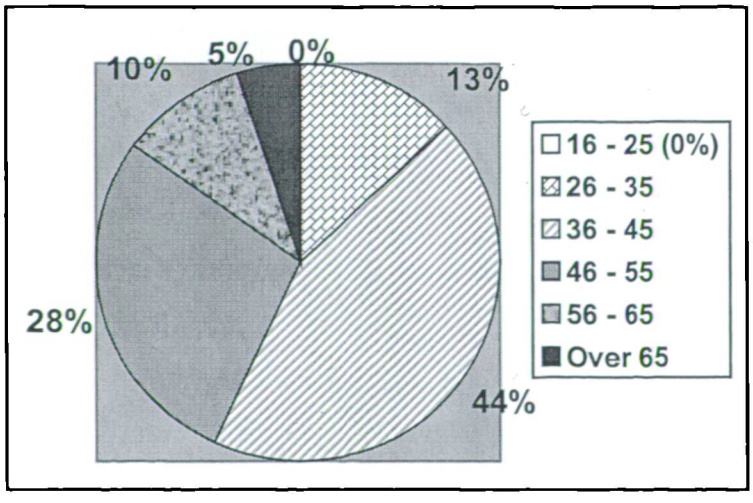
Sex: - In the sample there was a significantly higher proportion of male business owners when compared with female business owners (Female 20%, Male 80%). This was somewhat surprising in an industry that tends to be dominated by female employees. Data on the sex of business owners in the population as a whole was unavailable and, therefore, it is difficult to say whether this is typical for the Newcastle restaurant industry.

There were, however, clearly a number of instances where businesses were owned by domestic partners and in these instances males usually conducted the interviews. From recent research conducted by Chell and Baines (1998) it can be identified that gender and the dynamics of domestic partnerships might have an important impact on the perceptions and motivations of business owners and this will be recognised as a possible limitation of the data.

Age:- Figure 12. 1. shows the age profile of the business owners in the sample. A large number of the respondents were aged between 36 – 55 (72% of sample).

Figure 12. 1.

Age of Business Owners



Professional Category:- A number of questions were asked about interviewees' education and experience. These questions included both closed and open-ended questions. For example; "At what age did you finish full-time education?"; "Do you have professional qualifications?"; "What experience did you have in this industry before you started your business?". The data were coded along with the CIT data using NUD*IST and from these data four grounded categories were developed. The four categories were; 'Professional'; 'Amateur Professional'; 'Operator' and 'Amateur'. Although the descriptive data will be used later in the qualitative analysis, these categories were developed to enable statistical analysis.

The 'Professional' category was defined as, *"business owners who had a formal qualification in the hospitality industry (at least HND or higher qualification and included business degrees) and who had considerable experience in the industry before starting their business".* The 'Amateur Professional' category was defined as, *"business owners who had a formal qualification outside of the hospitality industry, such as a degree in law, and who had limited experience in the industry before starting their business".* The 'Operator' category was defined as, *"business owners who did not have higher qualifications (but may have had technical qualifications, for example an NVQ) but who did have considerable experience in the industry before starting their business".* The 'Amateur' category was defined as, *"business owners who did not have higher qualifications or previous experience in the hospitality industry before starting their business".*

Considerable experience in the industry was determined as at least two years work at supervisory or management level within the hospitality industry. The hospitality industry includes many industries (hotels, restaurants, license retailing, contract catering, fast food etc.) under the umbrella definition, *"...serving food, drink or accommodation away from home"* (Medlik, 1980).

In the sample frame there were ten business owners classified as 'Professionals' (25%), nine classified as 'Amateur Professional' (21%), 14 classified as 'Operators' (33%) and nine classified as 'Amateurs' (21%). From

the data there is an interesting set of demographic linkages to business ownership.

The vast majority of owners in the 'Professional' and 'Operator' category were either industry experts or technicians attracted to setting up their own business (for example, chefs and head waiters). In the 'Amateur-Professional' category there was considerable evidence of 'serial' and 'portfolio' business ownership (Rosa and Scott, 1997) where individuals operating in other industries recognised an opportunity to own a restaurant. In the 'Amateur' category there is also much evidence of individuals translating their 'hobbies' into businesses. These linkages will be further assessed and analysed in the qualitative data analysis chapter of this thesis.

12. 2. 2. Business Classification

As well as classifying the business owners it has been necessary to classify the businesses owned by a number of variables. These include business size (number of units, number of covers operated, number of employees and business turnover), business growth (measured over three years 1994 – 1997 and including growth in units, covers, employees and turnover) and grounded categories of growth (derived from Chell et al. 1991). A summary of the data is included here for more extensive assessment of the data refer to Appendix 11.

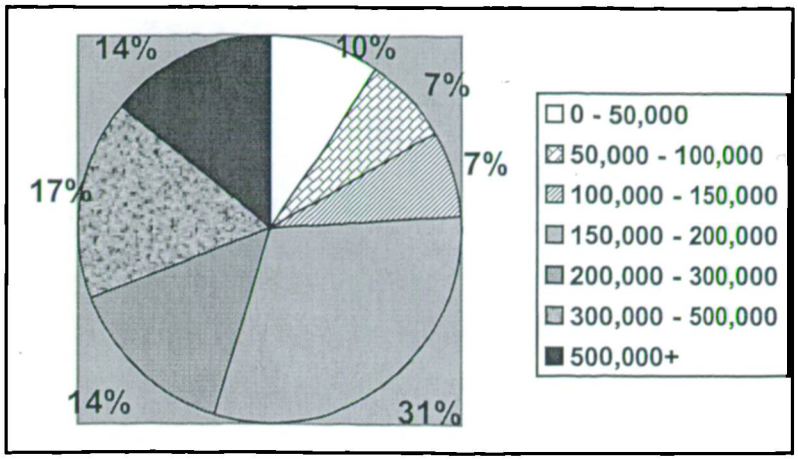
Business size:- In the sample frame there was one business that operated five units (2%), three businesses that operated three units (7%), five businesses that operated two units (12%) and the vast majority 33 businesses operated only one restaurant unit (78%). In total 42 business owners were interviewed constituting 21% of the population.

In terms of employment there were nine micro-small businesses (0 – 5 employees – 21%), 26 middle range small businesses (6 – 25 employees – 62%) and seven upper range small businesses (26 – 50 employees – 17%). The mean average employment for the sample was ten employees.

Figure 12. 2. shows the sample distribution by turnover category.

Figure 12. 2.

Business Turnover Category (1997)



The figure above shows a clear range of business size by turnover category even when it is evident that the sample is not well distributed by number of employees or number of restaurant units operated. In the sample the mean average turnover (by category) was £250,000.

Business Growth:- Business growth was measured over a three year period (1994 – 1997) from the reported data of business owners. Five areas of measurement were used in the interviews but only four proved to be useful. The five areas were number of business units, number of covers, turnover, employment and square footage occupied by the business. Square footage occupied by the business did not work in practice because a significant proportion of the interviewees did not know it. The measure was replaced by a qualitative assessment of growth activities involving expansion and/or development to an existing restaurant unit – which was also measured quantitatively by the number of covers operated by the business.

During the period 1994 – 1997 only six businesses (14%) expanded by opening a new restaurant or café and three businesses closed at least one unit (7%). During the same period 13 businesses increased the number of covers operated by the business (31%) and three businesses reduced the number of covers operated (7%). Turnover increased in 15 businesses (36%), stayed the same in 19 businesses (45%) and declined in eight businesses (19%).

Employment increased in 12 businesses (29%), stayed the same in 21 businesses (50%) and declined in nine businesses (21%).

These data combined with the critical incident data give a good indication of the growth profile of individual businesses over the three years and have been used to identify whether a business can be categorised as; 'Expanding'; 'Rejuvenating'; 'Plateauing'; or 'Declining'. Although this categorisation is quite valid and comprehensive it is important that a limitation be recognised. The categorisation is dependent on the reported data of business owners and, therefore, it may be influenced by positive bias. For example where some business owners have reported an unchanging status in terms of employment and turnover they may have been disguising or not admitting decline in their business.

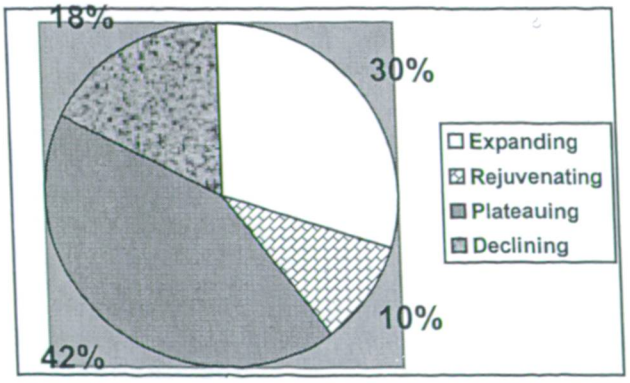
These grounded categories were developed in previous research by Chell et al. (1991) and have been defined as;

> *"In the prototypical expanding business the owner is not reluctant to change, intends to grow in terms of people employed, and has demonstrated growth over the past three years by increasing employment, floor space, (turnover and number of covers). In contrast, the declining business displays none of these attributes...In the rejuvenating business the owner has shown some reluctance to change but changing circumstances...result in some actual or desired growth... In the prototypical plateauing business, the owner is reluctant to change and consequently the business has experienced a period of arrested growth, whilst in the short term some contraction may have occurred" (Chell et al. 1991, p. 72 – 73; Adapted by Chell and Pittaway, 1998)*

The overall profile of the sample by growth category is shown in Figure 17. 3.

Figure 12. 3.

Overall Profile of the Sample by Business Growth



It was evident from the accumulation of data for these categories that there were different forms of expanding businesses. Rapidly expanding businesses that have grown by opening new restaurants (6 businesses) and gradually expanding businesses that have grown by increasing the size of an existing restaurant.

Even within the rapidly expanding businesses there were clearly different strategies. First, 'portfolio' business ownership whereby a business owner essentially opened a business in a different industry (Rosa and Scott, 1997). Secondly, 'serial' business ownership where the owner sold an existing business and used the capital to open a new one (Rosa and Scott, 1997). Thirdly, 'standardisation' where a business owner used the business concept to reproduce the original unit in a different location (Sasser, Olsen and Wyckoff, 1978). Fourthly, 'differentiation' where the business owner opened new units in the same industry context but where these units were extensively different (Drucker, 1985).

The qualitative data analysis will investigate this further in relation to the links such growth profiles may have to the business owners' behaviours and motivations (Bird, 1988). The initial analysis for the statistical part of this thesis does, however, clearly demonstrate the heterogeneity of the sample even within the known categories of behaviour.

12. 3. Descriptive Analysis of the Critical Incidents

From the interviews data were collected from 126 critical incidents this is an average of three per interview. Each critical incident provides descriptive and qualitative data regarding the nature of the incident, the information about the motivations of business owners, the behaviours of owners in specific situational contexts and the outcomes of the incidents.

As well as providing rich qualitative data that will enable this research to undertake an analysis at some depth the critical incidents can provide categories of incident that will facilitate statistical analysis in relation to the categorical variables already identified. The purpose of such an analysis is founded on a clear rationale. The selection of incidents by business owners can say as much

about their 'world' orientation, motivations and beliefs as what they discuss in the incidents, this is simply because incidents 'emerge' according the values of the interviewee (Chell and Pittaway, 1998). The following analysis will identify a number of grounded categories of incidents on which such an analysis can be based.

12. 3. 1. Categorisation by Functional Type

From the data collected in this research it can be shown that business owners tended to discuss incidents that were oriented towards the business rather than personal incidents which affected the business. Due to this factor the incidents that were discussed were initially categorised according to their functional management type. There were six key categories identified in this data set; Marketing, Finance, Operations, Human Resource Management, Business Development and Miscellaneous types of incidents. Table 12. 1. shows the data distribution by category type and provides some examples that illustrate the type of incidents that were discussed within these categories.

Table 12. 1.

Categorisation of Critical Incidents by Type According to Management Functions

Category Type	No. & %	Examples
Marketing	6 (5%)	A listing in the Egon Ronay food guide. A good report about a restaurant in the Independent Newspaper. The tall ships festival helping to launch a business successfully.
Finance	15 (12%)	Business nearly or actually made bankrupt or put into receivership. Help from the Prince's Trust or regional grant bodies. Difficulties raising finance for further business improvements. Problems with the VAT inspector.
Operations	43 (34%)	A flooded cellar. Changes to the business imposed by the Environmental Health Officer or Fire Officer. Changes to the management or service delivery system. Problems due to the BSE scare. A fire destroying the business entirely.
Human Resources	16 (13%)	Difficulties getting trained personnel. Fraud or pilferage by employees. Disagreements with partners.
Business Development	41 (33%)	Opening of the restaurant/café. Opening a new unit. Expanding the business or improving the facilities. Renovation of the interior. A change of restaurant concept.
Misc.	5 (4%)	God telling the business owner to open a café for charitable purposes. Death of a partner.
Total	**126**	

From this analysis it can be shown that operational considerations and incidents about business development were the most dominant incidents discussed by business owners in this research. When these data are further analysed by the growth profile of businesses it was also evident that business owners in expanding firms tended to discuss more incidents about business development than business owners in other growth categories.

The business development category was defined by incidents where investment was needed and it is likely that business owners in expanding firms discussed more of these incidents because they had undertaken investment in the growth of their businesses.

12. 3. 2. Categorisation by grounded categories

Six other categories of CIT type were derived from the data according to the principles of grounded theory.

- Proactive Incidents - where the business owner acted according to personal or organisational objectives.
- Reactive Incidents - where the business owner acted in response to pressures within or outside the business.
- Tangible Incidents - which involved a change to the business which could be observed or measured, for example, the building of a second restaurant unit.
- Intangible Incidents - which involved situations which could not be observed or measured and were open to different participants' perceptions, for example, changes to the management process or human resource difficulties.
- Positive Incidents - where the business owner viewed the event in a positive light.
- Negative Incidents - where the business owner viewed the event in a negative way.

The first four categories (A, B, C, D) are mutually exclusive of each other, however, this analysis has treated the tangible and intangible incidents as sub-categories of the proactive - reactive incidents. The positive-negative incidents are not mutually exclusive from the other categories of incident. For example, the opening of a second restaurant is a proactive tangible incident that could be positive or negative dependent on the outcome. Table 12. 2 provides some examples in each category to clarify this relationship.

Table 12. 2.

Examples of the Grounded Categories used to analyse the Critical Incidents

Key	Incident Category	Examples
A	Proactive - Tangible	Opening of a new restaurant. Expansion of an existing restaurant.
B	Proactive - Intangible	A deliberate change to the management structure or system. Actively pursues a new marketing strategy.
C	Reactive - Tangible	Has to close down one restaurant because of a partner's gambling. Has to make significant changes to the kitchen because of recommendations by the Environmental Health Officer.
D	Reactive - Intangible	Has to sack employees for 'misbehaviour' or unproved pilferage. Has to work through a downturn in trade.
E	Positive	Opening of a second restaurant which is successful. Positive outcome from sacking an employee who is thought to be stealing (the profitability improves).
F	Negative	Opening of a second restaurant is unsuccessful and nearly makes the business bankrupt. Negative outcome from sacking an employee who is thought to be stealing.

Table 12. 3. shows an analysis into the relationship between the type of Critical Incidents a business owner discussed and the growth type of the business they owned.

Table 12. 3.

A Categorisation of the Types of Critical Incidents discussed when compared to the Business Growth Profile of Businesses in the Sample Frame

	Proactive Tangible	Proactive Intangible	Reactive Tangible	Reactive Intangible	Positive	Negative
Expanding	28 (72%)	4 (10%)	3 (8%)	4 (10%)	32 (82%)	7 (18%)
Rejuvenating	10 (77%)	0 (0%)	0 (0%)	3 (23%)	9 (69%)	4 (31%)
Plateauing	14 (27%)	3 (6%)	7 (13%)	28 (54%)	18 (35%)	34 (65%)
Declining	5 (23%)	3 (14%)	6 (27%)	8 (36%)	6 (27%)	16 (73%)
Sub-Total	**57 (45%)**	**10 (8%)**	**16 (13%)**	**43 (34%)**	**65 (52%)**	**61 (48%)**
Total	**126**				**126**	

This analysis has shown that business owners in expanding and rejuvenating businesses tended to discuss critical incidents that provided evidence of proactive behaviour while business owners in plateauing and

declining businesses tended to discuss incidents that provided evidence of reactive behaviour. This dichotomy also occurred in the other two groups of critical incident. Clearly, the potential of these relationships can be observed in the descriptive data, however, a statistical analysis will be conducted later in this chapter to investigate this further.

Business owners in the expanding and rejuvenating firms also tended to discuss more tangible incidents than there counterparts in plateauing and declining firms and they also discussed more positive incidents. In four of the categories (tangible-intangible, positive-negative) it is difficult to ascertain whether these incidents were chosen because of the individual's perceptions, personality and behaviour or as a result of the situational context, coding of the data will be required to investigate this further and identify the behavioural implications. The results of this coding are reported in the next chapter.

In the other two categories (proactive - reactive), however, these CIT data demonstrate a link between behaviour, actions based on objectives or reactions based on events, and the growth profile of businesses. This link will be investigated further by the statistical analysis undertaken in the next part of this chapter.

A more detailed analysis was undertaken in an attempt to distinguish any differences between expanding and rejuvenating businesses according to the CIT categories identified above. When account was taken of the degree of change involved in proactive incidents there was a difference between the incidents discussed by business owners of expanding firms and those discussed by business owners of rejuvenating firms. The data were independent of the categories used and showed that business owners in expanding firms, on the one hand, discussed incidents that gave an indication of radical changes, such as the opening of a new unit. The proactive incidents discussed by business owners of rejuvenating firms, on the other hand, tended to be more incremental in nature, such as changes to the menu or food concept[1].

The data would suggest that while both groups of business owners tended to discuss more proactive incidents than their counterparts in plateauing and

declining businesses there was a difference in the significance of the changes involved in the incidents discussed.

The descriptive analysis of the critical incidents showed that the growth profile and size of a business might be linked to the type of incidents business owners discussed. Clearly, these data are not sufficient to prove any causal link and further statistical analysis will be required. It is the case that the demographic categories identified earlier in the chapter had some influence on the selection of incidents by business owners and this to will need further investigation.

12. 4. Statistical Analysis of the Data Set

The statistical analysis has been designed to further investigate the descriptive results identified previously. There are two key areas where further analysis is required to investigate probable relationships between variables in the data. First, an analysis that will investigate any statistical link between categories, the size of business operated and growth. This will investigate the relationship between variables such as gender and professional background and the type of business owned by growth. Secondly, the analysis will identify any statistical relationships between the types of incidents chosen by business owners and other variables such as business size, growth and professional category. The purpose of such an analysis is to explore how the selection of incidents, that illustrates a way of perceiving the external environment, is linked to business 'performance'. Performance is primarily defined in this research by the size and growth of the enterprise.

12. 4. 1. Categorical Analysis by Business Size and Growth

The first set of statistical analyses using SPSS was conducted on the relationship between gender and business size. Levene's t-tests were used and the raw data is shown in Table 12. 4.

[1] A general trend in the data that is not statistically significant. Further research is required to investigate this finding.

Table 12. 4.

An Analysis of the Business Owner's Gender when compared with the Size of Business Owned

		Male	Female
Turnover	Mean	4.79	2.67
	SD	1.74	1.73
	Significance P=	**0.799**	
Employment	Mean	12.45	4.78
	SD	10.37	3.93
	Significance P=	***0.052***	
Covers	Mean	88.33	47.67
	SD	67.76	22.79
	Significance P=	***0.042***	
Number of Restaurants	Mean	1.39	1.22
	SD	0.90	0.44
	Significance P=	**0.218**	

The results indicated that in the Newcastle data there was a statistical relationship between gender and two variables of business size. Males in the sample were more likely to operate businesses employing more people and with a larger number of covers although this did not translate into larger businesses in terms of turnover. If one were to extrapolate from the data one could be led to the conclusion that male owners operated larger businesses but females businesses were more effective at turning the number of restaurant covers owned into sales turnover (i.e. greater sales turnover per cover).

Given the sample size and distribution this would be a dangerous conclusion but it does illustrate an area for further research. It was evident that a large number of owners categorised as 'Amateurs' were females and they were attracted to setting up a restaurant or café business (that were generally smaller) because of the business's closeness to their previous 'domestic' experiences. In some instances they were rudely shocked by the difficulty of a commercial business and in other instances they went on to turn the business into a 'success'.

Certainly further research would be useful that investigates how these types of individuals become attracted to starting a business and how some successfully make the transition from 'craftsman' type operations to reasonable levels of sales turnover (it was also evident that few of these individuals had aspirations toward growth).

Table 12. 5.

An analysis of the Gender of Business Owners when compared with the Growth Profile of their Business

		Male	Female
Turnover	Mean	0.27	0.33
	SD	1.42	1.23
	Significance P=	**0.959**	
Employment	Mean	1.33	0.67
	SD	7.29	1.94
	Significance P=	**0.179**	
Covers	Mean	10.33	4.11
	SD	61.30	8.78
	Significance P=	**0.126**	
Number of Restaurants	Mean	0.06	0.22
	SD	0.67	0.44
	Significance P=	**0.998**	

When looking at a statistical analysis (Table 12. 5.) between gender and growth it can be said there is a relationship between gender and growth in covers (P=0.126) and employment (P=0.179) although there was no relationship to other growth variables (turnover P=0.959 and number of restaurants P=0.998). Once again the sample distribution prevents any meaningful conclusion but it is expected that the data have been influenced by the large number of females that were in the 'Amateur' category and appeared to be motivated more towards survival than growth. It is interesting in itself, however, that inexperienced and under-qualified individuals were less orientated towards growth as an objective for their business and this finding requires further research.

To analyse the relationship between the business owners' age and the measures of business size the means of categories were compared using Duncan's Oneway ANOVA model (Appendix 12). As one would expect there was no relationship nor was there a relationship between a business owners' age and the measures of business growth (Appendix 13).

Duncan's Oneway ANOVA model was also used to compare the means between the professional categories and business size – here the results were much more interesting and are reported in Table 12. 6.

Table 12. 6.

A Comparison of Means of the Professional Experience and Education of Business Owners when compared with the Size of their Business

Professional Category	Turnover (Category 1 – 7)	Covers	Employees	Number of Restaurants
Professional	***5.60****	***110.40****	***18.00****	***1.9****
Amateur Professional	*3.72*	*95.43*	*8.45*	*1.00*
Operator	***4.71****	*57.91*	*11.21*	*1.29*
Amateur	*2.71*	*38.14*	*3.43*	*1.29*

**** Denotes Duncan's multiple range test with significance level P = 0.05***

These data clearly indicate on all the measures of business size, that professional categories have an important statistical relationship with the size of business managed by a business owner. It is clear from this analysis that those business owners who had a professional qualification in the industry (or business studies) and who had significant experience in the industry context operated larger businesses than other types of business owner.

From the data it is interesting to note that Operators tend to own larger businesses than Amateurs in terms of sales turnover while there are no significant differences in the other measures of business size. This result could indicate that Operators are able to generate greater sales per cover than business owners who have less experience in the hospitality industry. The result indicates the value of experience in an industry context although there is no guarantee that greater sales volume means greater profit. It is also clear that Amateurs generally operated smaller businesses. Interestingly these differences did not transfer into a statistical relationship between these professional categories and business growth (Table 12. 7) although some of the descriptive data is interesting.

Table 12. 7.

A Comparison of Means of the Professional Experience and Education of Business Owners when compared with the Growth of their Business

Professional Category	Turnover Change 1994 – 1997	Covers Change 1994 - 1997	Employee Change 1994 - 1997	Number of Restaurants 1994 – 1997
Professional	*0.40*	*2.10*	*1.60*	*1.03*
Amateur Professional	*0.09*	*0.00*	*0.00*	*0.00*
Operator	*0.57*	*27.14*	*2.93*	*0.14*
Amateur	*-0.14*	*-3.29*	*-1.00*	*0.00*

None of these measures are significant at the 0.05 level but they are interesting. The first point that needs to be noted is the lack of change. There has been very little growth in the businesses in the sample over a three-year period (1994 – 1997) using the professional category, the differences in growth must, therefore, derive from a different source. It is also worth highlighting that the trend in growth (Table 12. 7) in the Amateur category is declining, is plateauing in the Amateur Professional category and is growing in the Professional and Operator categories. It may be the case that a larger data set could have drawn out a significant relationship between growth and these professional categories and this is a clear area for further research. For example, if this were the case it would confirm that at least in this industry context expertise in the industry is an important prerequisite for 'success'.

This result contradicts to some extent the benchmark cases, the two high growth entrepreneurs in the case studies did not have such experience and, therefore, this also needs further research. As speculation it may be the case that lack of knowledge is an advantage for innovation but industry expertise needs to be introduced and forms part of the successful 'management' of growth. For example, Simon Woodroffe was able to innovate partly because of his lack of knowledge (i. e. there were fewer restrictions placed on what he deemed possible),

however, he still bought in industry expertise to manage the technical aspects of the enterprise. Clearly, further research on this finding would be valuable.

It can be concluded from these analyses that the professional category, that has been drawn out from grounded coding, is an effective way of categorising the demographic background of business owners. It is also evident that a business owner's work experience in an industry has an impact on their ability to grow the business. Where there was limited experience of the industry growth was difficult to manage because of lack of operational awareness. When a restaurant owner wished to open a second or third unit operational knowledge was crucial in terms of decisions about design, location and operational methods. Although this is expected and appears obvious it is clear confirmation of some of the ideas contained in the theory of social constructionism explored earlier in this thesis and confirms other theories of development (Bird, 1988; Chell et al. 1991; Shaver and Scott, 1991; Harper 1996). It confirms these theories because it shows that experiential knowledge and the reinforcement of an individual's actions are important when explaining sustained entrepreneurial behaviour.

12. 4. 2. Statistical Analysis of Critical Incidents

The next data that have been analysed were the critical incidents chosen by business owners. The purpose of such an analysis has been to explore any relationship between the choice of critical incidents and other variables such as professional category, business size and business growth. The first set of analyses investigated the relationship between the professional category derived from grounded coding and the critical incidents chosen (Appendix 14). Once again Duncan's Oneway ANOVA model was used to investigate the variance of means at $P = 0.05$ level of significance. The only type of incidents that could be linked to the professional category at this level of significance were the proactive and reactive incidents, Table 12. 8. reports these data.

Table 12. 8.

An Analysis of Proactive and Reactive Critical Incidents discussed by Business Owners when compared with their Professional Experience and Education

Professional Category	Proactive Incidents	Reactive Incidents
Professional	***2.20****	*1.20*
Amateur Professional	*1.71*	*1.81*
Operator	*1.18*	*1.29*
Amateur	*0.86*	***2.29****

**** Denotes Duncan's multiple range test with significance level 0.05***

These data indicate that business owners who were categorised as Professional were more likely to demonstrate behaviour that indicated a proactive orientation to situations or incidents while Amateurs were more likely to behave in a more reactive fashion. In the other professional categories there were no statistically valid results. These data could be explained in a number of ways. First, it may well be the case that business owners who have experience in the industry can better anticipate their operating environment and thus act proactively.

This would be an important conclusion about alertness to one's circumstances and the importance that information can play in business situations (Kirzner 1980). Secondly, these data could derive from a difference in the business owners' motivations (Naffziger, Hornsby and Kuratko, 1994), in that a particular set of motivations may lead to a requirement to be aware of the environment in different ways. It may well be the case that Amateurs are motivated by 'craftsman' or 'lifestyle' type motivations while Professionals are more motivated by 'growth' or 'entrepreneurial' aspirations (Morris, Lewis and Sexton, 1994). Such motivations may lead each type to be aware of the external environment in different ways. For example, somebody motivated to grow his or her business (in the restaurant industry) would need to be constantly aware of the availability of suitable property for sale (proactive). Someone who was not

motivated to grow the business would not need to be aware of the property market (reactive). If this explanation of the result were the case it would also be an important conclusion because it would indicate in the data a link between entrepreneurial orientation and motivational structure.

It is difficult to see which of the above explanations is valid and they may not be mutually exclusive. Further research is required that could productively examine these professional categories. Such research could analyse how different business owners, based on typologies, scan and perceive their environment and how this may differ depending on their motivations. A study of this nature could shed more light on this result.

The critical incidents chosen were also analysed for their relationship to business growth and this provided some interesting results. A multivariate statistical test was used on the data. This is a powerful statistical test that measures the relationship of all of the (aggregate) growth measures in relation to a specific type of incident. The formula below illustrates how the test works.

Dependent Variables							Independent Factor	
(T1	+	N1	+	E1	+	C1)	CITn	

(T1 = Change in turnover 1994 – 1997; N1 = Change in number of restaurants owned 1994 – 1997; E1 = Change in employment 1994 – 1997; C1 = Change in covers 1994 – 1997; CITn = Number of critical incidents by type e.g. Proactive)

Table 12. 9. shows the results of this multivariate analysis combining all growth measures and Table 12. 10. shows the results of the univariate analysis which singles out particular growth measures.

Table 12. 9.

An Aggregate Multivariate Analysis of Critical Incidents chosen by Business Owners when compared with the Growth of their Business

Incident	Pillais
Positive	***0.022****
Negative	*0.203*
Proactive	***0.063***
Reactive	*0.377*

****Significant at the 0.05 level***

##Multivariate analysis calculated on the aggregate data, i.e. on the percentage of change between 1994 - 1997. T1, N1, E1, C1 being the dependent variables CITn being the independent variable

Table 12. 10.

Univariate Analysis of Critical Incidents by Business Growth

Incident	Turnover	Number	Employee	Covers
Positive	***0.001****	***0.009****	***0.020****	***0.028****
Negative	***0.004****	***0.018****	***0.016****	***0.021****
Proactive	***0.007****	***0.009****	***0.025****	***0.041****
Reactive	***0.019****	*0.052*	*0.064*	*0.054*

****Significant at the 0.05 level***

In the more rigorous multivariate test the data indicate that those business owners who chose more positive incidents were highly likely to be operating growing businesses (below 0.05 level of significance). The data also showed that those business owners who chose more proactive incidents were also likely to be operating growing businesses (just above 0.05 level of significance). In the univariate analysis this relationship between growth and choice of critical incident is clearly confirmed although the direction of causality cannot be confirmed.

This is probably the most important conclusion of the statistical analysis, that in this research business owners' positive and proactive orientation (as coded by the qualitative analysis) is statistically linked to greater business growth. In a broad sense these results may confirm the locus-of-control theories (Rotter, 1966). It does however go much further because it may show that the way business owners 'construct' their perceptions of the world around them does have an impact on business growth. This is not to say it is the cause of growth because those individuals who construct their worldview differently may not even wish to grow their business. What it may show is that proactive behaviour and a positive orientation to business situations (even business problems) may be important prerequisites to an individual's belief in their ability to grow their business and *ipso facto* has some impact on actual growth.

Before these data can be thought to show a definite conclusion a clear limitation must be recognised. The direction of causality cannot be known from the data. It may well be the case that business owners have chosen more positive and proactive incidents because their business is growing rather than a proactive and positive orientation leading to greater growth. Indeed, it may even be a combination of both factors. At this stage all that can be concluded is that there is a very strong statistical relationship between business growth and business owners' selection of particular incidents that illustrate certain types of behaviour. This relationship will be explored further in qualitative analysis by exploring the way individual's construct and place meaning on particular incidents.

The following qualitative analysis will investigate this in greater depth but the direction of causality in this relationship will need to be investigated by further research. Such research will need to examine in more detail actual business growth over a longitudinal period (as well as reported growth), the growth orientation of business owners and assess in what way growth orientation is linked to proactive behaviour and a positive orientation.

12. 5. Conclusions

The quantitative analysis that has been conducted in this chapter has produced many useful conclusions and these will provide recommendations for further research in their own right. It is also the case that many of the results either confirm or contradict some of conclusions from the benchmark cases – which is also useful. The key points that should be drawn from this chapter are summarised below.

i) Further evidence of heterogeneity has been found in the business owner population and some links to demographic categories were shown. There were 'portfolio' and 'serial' entrepreneurs who tended to be Amateur Professionals and who did not necessarily have much experience of the industry in which they owned a business. There were Professionals and Operators who had been attracted from normal employment in the industry into owning their own business and thus had considerable experience. There were Amateurs who had very little experience and who were essentially translating a hobby into a business. Even within the growing firms there was evidence of different forms of growth. There were rapid growth firms, opening new restaurant units and incremental growth firms who expanded an existing unit. There were owners who grew their business by standardising and reproducing a business concept and there were business owners who opened completely different restaurant concepts.

ii) In the professional categories there was a statistical relationship with business size – Professionals tended to operate larger businesses. The trend in growth also indicated that Amateurs operated declining businesses, Amateur Professionals operated plateauing businesses and Professionals and Operators owned growing businesses. Although this trend was not statistically significant and further research would be needed, it was noted that such a relationship would show that experience in the industry had an important impact on the growth prospects of businesses owned. This point confirmed some of the

theories of social development including ideas in social constructionism (Bird, 1988; Chell et al. 1991; Harper 1996). It was also noted that in the case studies the high growth entrepreneurs did not have such experience and it was suggested that lack of knowledge of an industry might well be beneficial for innovation but that knowledge of an industry may be needed for the 'management' of growth.

iii) It was noted early on in this chapter that a choice of proactive incidents tended to be discussed by business owners of expanding and rejuvenating firms and that reactive incidents tended to be discussed by business owners of plateauing and declining businesses. Following the descriptive data further statistical analysis was undertaken that confirmed that business owners' positive and proactive orientation was linked statistically with business growth. It could not be concluded whether this business growth derived from how individuals construct their perceptions of the environment or because they discussed positive and proactive incidents because their businesses were growing. As such it was recognised as an important area for further research and observation in the qualitative data analysis.

iv) Finally it was also shown in the statistical analysis that Amateurs were more likely to be reactive in incidents while Professionals were more likely to be proactive. It was considered that two factors could explain this. First, that awareness and information of a particular environment gained through experience enabled more proactive behaviour. Secondly, that because Professionals tended to be more growth orientated they had to use proactive behaviour to recognise and exploit opportunities to grow whereas Amateurs who tended to be less growth orientated had no need to behave in the same fashion.

Although the quantitative form of analysis necessarily limits these conclusions they do provide a number of interesting ideas that could form the basis for further research. It is also the case that a number of these points will

be analysed further in the following chapter. Indeed the next chapter will analyse the qualitative data from the interviews according to the Chell et al (1997) personality profile and will explore other grounded categories derived from the data. Such an analysis will shed further light on some of the conclusions of the quantitative data analysis.

Chapter Thirteen

Qualitative Analysis

13. 1. Introduction

In the previous chapter a number of key conclusions were drawn from quantitative analysis of the critical incidents when compared with other data about business growth and demographic profile. In this chapter many of the preliminary results reported previously will be analysed in greater depth using the qualitative data from the interviews.

In total 42 interviews were conducted with restaurant owners in the Newcastle-upon-Tyne administrative area. From these interviews 37 were analysed using NUD*IST, three were rejected before transcription and two were rejected during data analysis. The five rejected did not meet the criteria set out previously in chapter eleven that were derived from the benchmark cases. Two were rejected because of poor quality recording, two were rejected because they were of insufficient length to provide comparable data and the fifth was rejected because the business was a consortium and not owner-operated.

Following transcription of the interviews the transcripts were analysed using QSR NUD*IST. There were a number of categories of coding that were used in the analysis and there were both previously identified codes and grounded codes. The specific categories will be introduced and defined where appropriate during the course of this chapter but at this point Table 13. 1. shows the general areas of coding and forms of code used to analyse the data.

Table 13. 1.

The Validation and Grounding of Coded Analysis Used in the Research

Description	Number	Explanation
Free Nodes	6 Nodes	Data that is connected to a grounded category that was deemed important but that fell outside the conceptual framework used to analyse the data.
Document Annotations	85 Text Units	Key intuitive thoughts that derived from the process of data analysis
Behavioural Nodes	10 Nodes	Data coded that represented evidence of behaviours deemed to be linked to entrepreneurial behaviour by the conceptual framework used.
Attitudinal Nodes	5 Nodes	Data coded that represented an interviewee's beliefs, future intentions and underlying motivations for their businesses and themselves.
Incident Data Nodes	6 Nodes	Codes that were used to describe and categorise the incident data.
Business Data Nodes	3 Nodes	Codes that were used to describe and categorise the business data
Demographic Data Nodes	5 Nodes	Codes that were used to describe and categorise the demographic data.

The key areas that will be reported in detail in this chapter are the first four while the remaining three have been reported in chapter twelve and will thus only inform the broader analysis.

The data reported will be structured to demonstrate the conclusions of the analysis and will thus progress from basic descriptive reporting of the data to more comprehensive and analytical modes of enquiry. The first section of this chapter will analyse the behavioural data holistically examining the data from all of the interviews using the benchmarks established in chapter eleven. The second section will explore the categories of entrepreneurial behaviour in greater depth and with reference to specific critical incidents, the interviewees' motivations and future intentions. The final section will build on all of the previous sections of this chapter by reporting all of the findings drawn from the

analysis, including intuitive findings from the grounded coding, and report these with reference to business growth and the owner's demographic profile. In the thesis all the names of the interviewees (other than the benchmark case studies) have been withheld but pseudonyms have been used for the benefit of clarity.

13. 2. Overview of the Behavioural Data

The interviews and critical incidents were analysed according to evidence of behaviours relevant to the Chell at al. (1997) behavioural profile. The behaviours analysed were; opportunistic, adventurous, ideas person (visionary), restless/easily bored, high profile image-maker, proactive, innovative, financial strategy, change and information seeking. The definition of these behaviours conformed to Chell et al's. (1997) previous study.

An analysis of the descriptive data has been undertaken to rank each of the interviews for narrative content that represented these forms of behaviour, along with the benchmarks established in chapter eleven, this ranking has been used to compare interviewees. The data reported in Table 13. 2. shows an empirical representation of an individual's discussion of their own behaviour and the extent to which it meets the behaviours theorised here to represent entrepreneurial behaviour. These data are analysed in comparison to other business owners in the sample and this is why it has been important to control the sample by industry context and geographical location. Table 13. 2. shows summarised data for the whole behavioural profile for a more detailed analysis of specific behaviours please refer to Appendix 15.

Table 13. 2.

The Number and Proportion of Text Units Coded According to the Chell Entrepreneurial Behavioural Profile

No.	Name	Text Units	%	Category of Business Owner
4	Gavin*	360	22.09	Entrepreneur
37	John	338	36.24	Entrepreneur
39	Paul	304	35.40	Entrepreneur
9	Adrian	268	24.89	Quasi-Entrepreneur
6	Shelly	253	19.03	Quasi-Entrepreneur
28	Tony	248	28.10	Quasi-Entrepreneur
35	Andrew	239	19.18	Quasi-Entrepreneur
13	Angus	230	26.77	Quasi-Entrepreneur
1	Rick	228	25.93	Quasi-Entrepreneur
25	Richard	225	14.88	Quasi-Entrepreneur
26	Julia	217	16.33	Quasi-Entrepreneur
2	Michael	186	11.56	Administrator
3	Mark	164	14.95	Administrator
7	Neil	161	16.97	Administrator
33	Phillip*	160	25.03	Administrator
30	Declan	159	15.45	Administrator
18	Stephen	141	11.92	Administrator
19	Georgina	134	10.46	Administrator
29	Jane	126	10.95	Administrator
36	George	117	13.10	Administrator
21	Anthony	114	8.71	Administrator
16	Donald	110	9.55	Administrator
23	Julie	108	9.44	Administrator
38	Malcolm	102	12.30	Administrator
20	Harry	100	14.80	Administrator
17	Colin	90	5.83	Caretaker
27	Robert	85	8.10	Caretaker
5	Douglas	80	6.78	Caretaker
34	Matthew*	77	12.46	Caretaker
24	Karen	68	5.22	Caretaker
12	Gus	65	6.99	Caretaker
14	Lee*	62	11.17	Caretaker
8	Mike	54	5.47	Caretaker
32	Peter	48	5.28	Caretaker
10	Brenda	46	6.30	Caretaker
11	Sarah	44	7.20	Caretaker
22	Edward	25	2.76	Caretaker
15	Gordon	0	0	N/A
31	Milton	0	0	N/A

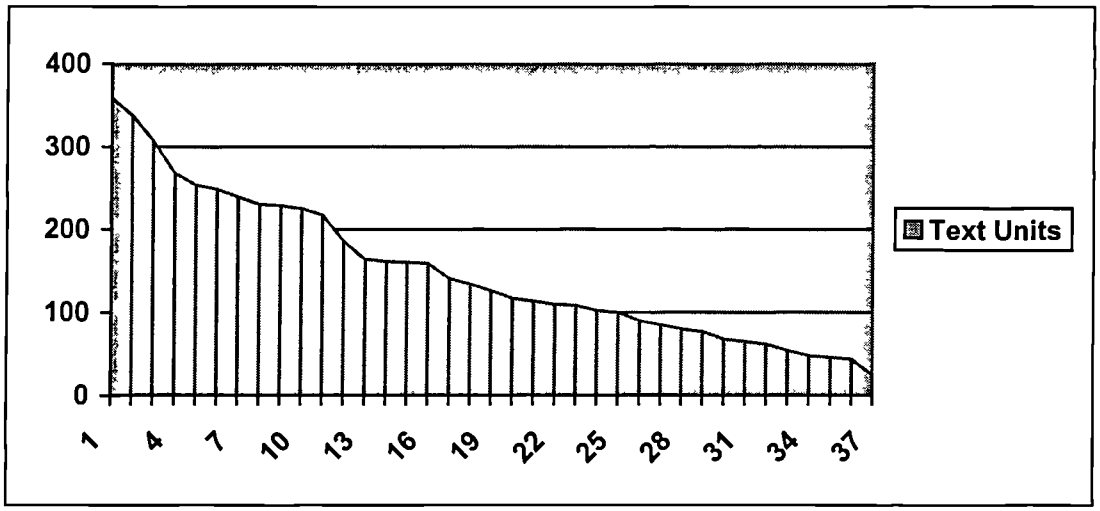
**Discrepancies in the classification where the total text units in the interview are not representative of the percentage of content. It is considered that this occurs where the individual's speed of discourse is higher or lower than the average. This indicates that the length of interview alone is not sufficient for controlling the comparative value of the narratives.*

When using the benchmarks established in chapter eleven it is possible to identify from the sample of 37 business owners three business owners who have

used prototypical behaviours associated with 'Entrepreneurs' (8% of the sample). Eight business owners that have used prototypical behaviours associated with the category 'Quasi-entrepreneurs' (22% of the sample), 14 used behaviours associated with the 'Administrator' category (38% of the sample) and 12 used the behaviours associated with the 'Caretaker' category (32% of the sample). Figure 13. 1. shows a visual representation of these coded narrative data that provides a useful overview of this research sample.

Figure 13. 1.

An Analysis of the Research Sample by Narrative Content



The benchmarks established in Chapter Sixteen have been a useful guide for the initial narrative analysis of the interviews. When just observing the empirical data derived from coding there did appear to be some clear groups of interviewees tightly collected around different profiles of behaviour. Interviewees who have been categorised as 'Entrepreneurs' had a large proportion of narrative content in their interviews that could be linked to the behavioural profile. Typically more than 30% of the interview content demonstrated such behaviours (median average 29%). In the 'Quasi-Entrepreneur' category the average content was 22% (median), in the 'Administrator' category the average content was 17% (median) and in the 'Caretaker' category the average content was 8% (median).

The total number of text units coded according to the behavioural profile in practice appeared to be less useful than the percentage of content. Had the percentage of content been used from the outset the categorisation would have been different. The most notable changes to the categorisation would have been to the interviews with Gavin, Phillip, Matthew and Lee. This highlights some of the weaknesses in the approach used. While total content did not have clear points of demarcation a natural form of demarcation appeared to occur when using the percentage of content. This would suggest two recommendations for future research.

First, controlling for narrative length is impractical because individuals speak at different speeds and unworkable when conducting interviews. It does, however, reduce the chance of anomaly between text unit content and percentage of content and should be continued.

Second, instead of trying to control for narrative length to any greater degree it is more practical to analyse narrative content according to the percentage of content. These methodological issues will provide useful recommendations, and help construct more informed benchmarks, for future research.

Despite the usefulness of these categories, as will be shown later in this chapter, the cut-off points between the prototypical categories remain relatively arbitrary. It is certainly the case that there is some overlap in the qualitative data between the 'Entrepreneur' category and the 'Quasi-entrepreneur' category. The four discrepancies in the categorisation previously noted illustrate this point quite effectively. It is worth recalling at this point that these are prototypical categories, as such they are social constructs, have 'fuzzy' boundaries and are unlikely to be perfect (Chell et al. 1991; Chell, 1997).

These data when presented empirically certainly demonstrate the utility of the critical incident technique for distinguishing between different individuals according to a specific behavioural profile. The following analysis will add to these data by investigating the qualitative data in greater depth.

13. 3. An Analysis of the Behavioural Data

This part of the chapter will explore the behavioural data in greater depth using the benchmarks created to explore and compare the reported behaviours used by the different groups and individuals in the sample. The data will be harnessed within its context by identifying the critical incidents and situations reported and described by business owners. These data will be structured using the prototypical categories identified in the overview.

13. 3. 1. The Prototypical 'Entrepreneurs'

In the sample there were three individuals whose reported behaviour in the interviews exceeded the benchmark of prototypical 'entrepreneurial behaviour' created in chapter eleven. The prototypical entrepreneur is defined as; *"The prototypical entrepreneur is alert to business opportunities which will be pursued if thought to have a moderate to high probability of success regardless of resources currently controlled. (...Entrepreneurs) are proactive, that is they take initiative, attempting to control events rather than simply reacting to them. Entrepreneurs are highly innovative... (they) utilise a variety of sources of finance ...they promote themselves with elaborate business networks, thus establishing the reputation of the company and creating a high profile. Entrepreneurs appear to become bored easily... create situations which result in change...In addition they see themselves as being adventurous in so far as they are often exploring new terrain." (Chell, Haworth and Brearley, 1991, p. 71-2).* The three individuals pseudonyms are Gavin, John and Paul and the specific behavioural data for their interviews is reported in Table 13. 3.

Table 13. 3.

Behavioural Profiles for the Prototypical Entrepreneurs

	Gavin		John		Paul	
	No. of text units	%	No. of text units	%	No. of text units	%
1. Opportunistic	28	1.70	***59****	6.40	***49****	5.70
2. Adventurous	36	2.20	0	0.00	0	0.00
3. Ideas Person	35	2.10	0	0.00	14	1.60
4. Restless/easily bored	29	1.80	27	2.70	0	0.00
5. Image Maker	***70****	4.30	38	4.10	***55****	6.40
6. Proactive	***45****	2.80	***66****	7.10	***77****	9.00
7. Innovative	12	0.70	5	0.54	19	2.20
8. Financial Strategy	***78****	4.80	***65****	7.00	29	3.40
9. Change	18	1.10	***55****	5.90	26	3.00
10. Information seeking	9	0.55	23	2.50	35	4.10
TOTAL	**360**	**22.09**	**338**	**36.24**	**304**	**35.40**

Exceeds the 40 text units identified as the benchmark in Chapter Eleven

The data presented above indicates different behavioural profiles for each of the individuals classified as prototypical entrepreneurs. These results confirm the impression of chapter eleven that there are many forms of entrepreneurial activity and behaviour even with a narrow sample based on one industry context. These three individuals show quite different modes of behaviour and the only commonality between all three was the use of proactive behaviour. This finding from the qualitative data confirms the findings of the critical incident data analysed in the previous chapter. It is also evident that these data question the validity of using quantitative benchmarks for distinguishing between different business owner prototypes.

Gavin

Gavin can aptly be described as a 'serial entrepreneur' (Rosa and Scott, 1997) having been drawn into business ownership following a degree in business studies at the local University. He states;

"I always wanted a business. My parents were in retail and I'd always wanted to be in business for myself, have my own business. I was attracted to restaurants because we always ate out a lot"

Gavin had always wanted a restaurant but because he had just left University he was unable to find enough finance for the business. His response, along with his girl friend, was to set-up a sandwich shop, in the 1980s the shop was sold and a café bought and in the early 1990s the café was sold and a restaurant opened. Gavin had thus achieved what he had set out as his objective by using serial business ownership to circumvent the financial restrictions placed on him.

From the interview it was clear that each step involved a degree of experiential learning that proved to be critical in each subsequent endeavour. Reflecting on his experiences he realised that had he been able to start a restaurant immediately it may have failed because of his lack of experience. Despite having a degree in business studies Gavin strongly believed that experience was his best teacher.

"I mean there is no formula for it, it's just experience. You'll find this when you get out there, you can learn as much as you like, but really at the end of the day you got to go Oops. You've got to make mistakes and you've got to go 'All right, that doesn't work, I know that, I'm confident it's going to work this way."

Having achieved his immediate goal, set out early on in his life Gavin, was in the process of identifying his next objective. In many ways Gavin's form of serial business ownership was a means to end rather than and end in itself.

The next objective that he was about to pursue demonstrated sustained entrepreneurial behaviour and he appeared to be about to move from serial business ownership to a period of multi-site rationalisation which is a form of business growth (Sasser, Wycoff and Olsen 1979; Heskett, Sasser and Schlesinger, 1997).

"I definitely want another restaurant...I mean, we've got our product controls and, that's been an incident, we've been learning how to get consistency. If your going to go for another [restaurant name] in another town then it's got to be the same."

It was clear from the interview that Gavin had researched the objective, of significant future growth for his restaurant concept, but was finding it difficult to get financial backing. Unless he could show that the restaurant concept could

work elsewhere he felt financial backing for significant growth would not be forthcoming.

"I don't blame them. This could be a fluke because it was in a fabulous location, perhaps, or the site was unique. So they said 'open another one on slightly different circumstances, show us it is working' and that's what I'm trying to do now."

The circumstances in which Gavin finds himself, with a concept that works in one location, but few financial backers unless he can show that it works elsewhere is typical of the problems that are thought to occur during multi-site rationalisation (Sasser et al. 1979; Heskett et al. 1997). It is clear that the restaurant concept must go through a period of standardisation and replication before it is thought to be capable of significant growth. Despite these immediate problems for Gavin his clear intention is to pursue a strategy of concept improvement and business growth, as such, the codification of data from the critical incident interview appears to coincide with his future business intentions.

When looking at the behavioural data reported in Table 13. 3. it is evident that in the interview Gavin exhibited a strong emphasis toward proactive behaviour, image making and financial acumen. It was also certainly the case that there was evidence of a significant degree of adventurousness and idea generation. The restaurant concept created by Gavin can be described as innovative, particularly so when compared with its direct competitors in the locality. The concept was a set price 'eat as much as you like' buffet restaurant, serving easily cooked items such as chicken wings, ribs and jacket potatoes. Although nothing particularly unusual, there were no competitors in Newcastle using a similar mode of operating and the restaurant was generally very busy and had well over £1 million pounds sales turnover per annum. Although the mode of operating led to a low gross profit margin the indirect costs specifically labour, were also low. Gavin's approach is best illustrated by his continuous reassessment of the concept that led to a successful conclusion.

Early on in the restaurant's life it was in difficulty because it was not attracting enough business. A reassessment of the business, initially designed to

be like a Hard Rock Café, led to the introduction of the buffet concept. As Gavin himself states;

"I wanted this American, I always wanted to do a Hard Rock and I absolutely love Hard Rock, there wasn't anything like that up here but the burger thing didn't work because we were competing against the likes of MacDonald's... After that critical point, where we were struggling, the main decision we made was to do an all you can eat buffet and that is now 90% of the business. We never looked back after that."

In this sense Gavin's repeated trial and error behaviour and always looking to learn from any experience led him to continually innovate. Even experiences, like the above, that were in danger of making the business bankrupt became positive experiences because of a desire to deal with the experience proactively. Indeed, it was because of the above negative situation that the business became highly successful because through trial and error Gavin was able to find a food concept that worked in the restaurant's location and that met the demands of local customers. Clearly, a willingness to experiment and innovate until one discovers what works for one's customers is an important aspect of successful 'entrepreneurial' behaviour (Drucker, 1985).

Further evidence of proactive behaviour and its benefits can be found in the way that Gavin managed the BSE crisis. Given that a large proportion of Gavin's restaurant concept depended on beef the way he managed the crisis is illustrative of his behavioural approach.

"...we cooked burgers and put them on the buffet. We checked from our suppliers where they were coming from they were from a stock that had nothing to do with BSE, and we were confident the product was 100% tickety boo, no problems. We put the burgers out on the buffet and we put a sign up saying they were imported, that we'd researched it and there were no problems and we even put a notice on the door. We watched burgers as a proportion of other products – now the burgers didn't even blip"

Although one would expect this response from any restaurant it is Gavin's response to price changes that occurred following the crisis that really show's aspects of his behaviour that can be linked to the behaviours thought to represent entrepreneurship.

"The real irony is that burger prices didn't even fall - couldn't believe that. I thought there was going to be swings and round a bouts. I was on holiday, I was lying on the beach, and I got a phone call, the pork ribs were going to

double and that is a massive massive blow to us our butcher was going to double it and I said right we've got to find another supplier, couldn't find another supplier, they were ringing around everybody. The only way we could do it was to go direct to the buyers, the people down in Lincoln. But we couldn't store them (the quantity), right I said, it's going to be cheaper to buy a freezer, a massive walk-in freezer, which would have cost six or seven thousand quid. At the threat of this our local supplier actually found out and kept the price down. But, I really would have, that was the position, get a freezer."

Rather than accept the conditions placed on him by the local marketplace Gavin stepped outside these boundaries to identify a better deal that would not damage his business. Other business owners in the same position may well have accepted the price changes once they had spoken to other suppliers in the area. Clearly, such behaviour is strong evidence supporting the theories of social constructionism, that an understanding of 'successful' entrepreneurial behaviour centres as much on how the individual constructs their social situation as the perceived 'reality' as viewed through other actor's eyes (Blumer, 1969; Berger and Luckmann, 1969).

John

Like Gavin, John's narrative data demonstrated the use of proactive behaviour and financial acumen. The data from John's interview also demonstrated evidence of opportunistic behaviour and situations where he had pursued change. Like Gavin John had always wanted to start a business:

"I'd been a Head Chef for five years before that. I decided, well, I'd always wanted to go into business on my own and I spent about six months looking at every possibility."

John began his business in 1980s opening a café in an unusual location above a cinema. Following the success of this business John set-up two different partnerships and opened two more cafés catering to different markets and using different service concepts. The profile of John's business and data collected from his interview indicates significant awareness and exploitation of opportunity and a desire to create challenges for himself. The following extract demonstrates how John had exploited opportunities.

"This particular property, which was trading at the time as a little sandwich shop, came up for sale on the Quayside. We looked at it, sort of thought about it, it was the time when there was a lot of talk about the Quayside being completely redeveloped, and we thought 'well, it could be in a good position to be in'. We were then offered the freehold and that, sort of, swung the decision. We thought, 'well, for the long term it has got to be a good move'. Obviously it cost us more than we'd expected but we decided to go for it."

The Quayside in Newcastle was subsequently redeveloped, the café despite operating poorly in the first two years before the development began to generate significant sales turnover and thus the opportunity identified by John turned out to be a highly successful acquisition. It was an awareness of opportunity, as theorised by Kirzner (1980), that enabled John to benefit in this way. For example, why did the existing operators of the café miss the longer-term potential of the location? Particularly considering that the freehold would also have been available to them.

Further evidence of this opportunity awareness can be found during John's acquisition of his third business unit.

"...we got the details to find out more about it. It had been open, six to nine months, it was opened by a couple who were in banking and thought oh let's open up a little coffee shop, 'well you know we'll sit back and make a fortune'. They had done that and then realised that it didn't work like that at all. So, we looked at it, we liked the position – there was a lot of offices around it and not a lot of direct competition – and we put in an offer which they accepted immediately."

By identifying a business in a good location but operated by people who were unable to gain from the business its full potential John and his partner were able to make another excellent acquisition and they expect to continue using this strategy.

"The intention now is to find something else which either doesn't exist at the moment or is a business that is not doing terribly well but where we feel there is potential for it to do something."

Interestingly this orientation toward opportunity recognition led to a much more *ad hoc* growth strategy than that pursued by Gavin. This point can be illustrated.

"We went for something different really we had to go for something different because it wasn't the sort of premises where you could set-up another [Café

Name] there were a lot of offices and there was a small amount of established takeaway there to start-off with"

Hence by exploiting opportunities in this way John and his partners needed to adapt the food concept to the locality and its particular marketplace leading to three different café concepts and operating methods. Business growth is thus much more spontaneous and organic where as Gavin has pursued a specific strategy of serial entrepreneurship and plans to grow selecting a location that is appropriate for his food concept. In other words, John's form of opportunistic behaviour puts location before food concept while Gavin puts food concept before location. This provides confirmation of the idea that a researcher cannot effectively separate entrepreneurial behaviour from its context.

An understanding of these differences can be found when examining the individual's underlying motivation for business growth. Gavin pursued growth for its own sake where as John pursued growth to provide a challenge. The following extracts from the interview illustrate this point.

"I do reach the point where I wonder 'shall I do that' or 'shall I just take some time off have a year off and enjoy the fruits of my labour'...I'm not the type of person who can do that. I don't know whether I'm a workaholic, I'm not the type of person who could do that and I never ever have been. When I used to work for other people I always used to set challenges for myself and I would say, 'before I'm this age I'll have that' and I used to work several jobs to get it. It was usually material things...At one point I was obsessed, I was determined that I would have a Rolls Royce by the time I was 25, I worked flat out. By the time I was 25 I managed to buy a Rolls Royce. I kept it for what, about six months. Once I got it that was it – I didn't particularly like it either... I think it's more the pleasure of the challenge, the challenge of having my own business rather than the material thing...I think I'm just continually motivated by challenges that's what I'm looking for... It's the challenge of starting something new and being determined to see it working out. I mean, the buzz that I still get when I walk in here during the day and the place is absolutely packed, that for me is worth – well I don't think you could pay for that sort of feeling – the sort of feeling it gives me on some days."

Clearly, the underlying motivation that has led John into business ownership is to ensure that his working life is challenging and enjoyable. It is also clear during the course of a decade of business growth John's broader

objective's have changed and adapted to the perceived practicalities of operating many businesses.

"I mean, when I first started up this one my idea then, which has completely changed over the years, my idea then was to build up, sort of, one-by-one into a little group of quite a number of catering related businesses. My opinion changed as the years went on of that because I feel now that to keep it exactly right there's got to be input. There's got to be somebody there who takes the care and attention seriously.

John felt that lack of quality management has restricted his ability to grow the business further. It is also evident from this quotation that as time progressed the risk-taking aspect of John's entrepreneurial behaviour has become more conservative. The point is made in the sense that being able to have direct control of the businesses and avoiding excess credit had restricted potential growth. In this sense John's behaviour was not directed at growth but at change and he was in the process of entering a critical period where further growth required delegation (Churchill, 1983; Scott and Bruce, 1987). In this perspective it can be considered that John's belief that few 'good' managers were available can be an indication that he was struggling with the delegation problem.

This leads to an odd paradox. On the one hand, John's opportunistic behaviour has led to extensive but unstructured organic business growth. On the other hand, his desire for control may prevent future growth. It could be concluded that the data from this interview show, in this instance, that an individual's behaviours and motivations do change over time and that somebody who demonstrates 'entrepreneurial' behaviour at one point in time may not always do so (Chell, Hedberg-Jalonen and Miettinen, 1997). It may also be concluded that in this instance such opportunistic behaviour has led to more organic forms of growth.

Paul

The data from Paul's critical incident interview indicates the extensive use of opportunistic, image making and proactive behaviours. Unlike both Gavin and John, who both worked in a relatively independent fashion, Paul worked in

a mutual partnership with his brother. Rather than being an expert in the hospitality industry Paul was a chartered accountant, however, his brother did have industry expertise. Paul had owned a transport company and had invested in his brother's restaurant in the late 1970s. During a period of success for the business Paul acted as its accountant and did not become directly involved until the business expanded, opening a member's only nightclub (mid 1980s) and a hotel (early 1990s) at the original business premises.

This introduces a third form of growth utilised by these 'prototypical entrepreneurs', incremental expansion at a specific location and into complementary businesses. The expansion of the business was not a straightforward exercise and the difficulties the brothers encountered as well as the way they managed these difficulties is illustrative of their approach to business. Moving from a restaurant to a hotel seemed to be a natural progression for them given the location of the restaurant on the Quayside and the lack of hotel rooms in Newcastle City centre. Despite this fact and the long term potential of the hotel the development ran into some difficulties. This was partly to do with the property they were converting into a hotel and the timing, being at the beginning of the 1990s shortly before the recession. As a consequence the hotel development started to get into some difficulty.

"We put the plan together; everything in the economic part was extremely rosy. So then we started in May, we found that there were loads of hidden problems with it being a listed building and the nature of the building. Once we started to do the building work we couldn't stop, the bank had to keep us going and we stretched all the builders until we knew that once we got the place up and running, you know, at least we had a chance of survival"

Unfortunately, as well as running over budget on the development the economic situation turned nasty and the business entered a period of serious trouble.

"Fortunately for us the banks were the biggest hotel operators in the country at the time and they could see that we could trade out of the situation providing they gave us a bit of help, which they did"

These extracts from this interview clearly indicate the importance of prevailing circumstances as well as the importance of individual's behavioural approach. Clearly, at this critical juncture had the circumstances been different, the bank less willing to help or had the recession not occurred, the trading

situation could have been very different. The circumstances alone, however, cannot explain success or failure in business. This is best demonstrated by the way Paul managed these circumstances particularly with regard to how he created sales, the way he protected his staff from uncomfortable information and the way he kept the bank informed on a regular basis.

"It is very difficult when it's a privately owned company with two shareholders and when your guaranteeing Bank overdrafts and your house is on the line, it is extremely difficult and extremely worrying as well... But one thing we did do, right from the beginning was to tell everybody of the situation, particularly HM customs and excise, Pay-as-you-earn and the major creditors, we kept them fully informed. You know they were great because at least they knew what the situation was... You have to keep lots of balls in the air, trying to keep everybody happy and yet at the same time put a brave face on with everybody that your okay, particularly the staff. That's the difficult part as you are probably aware. Geeing them up that everything was fine. Fortunately, we did manage to get the revenue in to satisfy everybody and start to trade profitably and we have done ever since"

Interestingly in this extract one can see that it is not only the circumstances that enabled the business to survive but also how those circumstances were managed. Had Paul not acted in a proactive fashion the outcome may well have been different. It may be concluded that in this instance circumstance, luck and Paul's behavioural approach interacted to enable the business to survive. Had one aspect been weighted in a more negative direction the business probably would have failed. What is also clear from Paul's interview is that simply behaving in an entrepreneurial way is not enough for business success (Boyd and Vozikis, 1994). Success appears to depend on the interaction of behaviour, luck and circumstance (Greenberger and Sexton, 1988).

Further evidence of Paul's behaviour during this critical period that can categorised as entrepreneurial can be shown.

"One of the things when you have creditors knocking at the door is to keep your expenditure down to a bare minimum. But you have to look and see whether you are going to far the other way. Is the business being ruined by not having certain expenditure, is that to the detriment of the business overall... In 1992 we decided we must get a proper sales team for the whole business. We went out and employed a sales lady whose sole job was to go and generate business and that proved to be the best move we ever made and she generated the business through the hotel and it was from then that we

really started to lift the veil of everything. It cost us £12,000 a year but we hid that from the bank but it was the best move we ever made."

It is clear in this quotation that Paul rather than sit back and let the bank impose severe expenditure restrictions on the business he preferred to act proactively and ensure that better expenditure led to increased revenue. In this sense even in adversity Paul was actively pursuing ways of ensuring the businesses' survival and longer-term profitability. As will be evident from the following analysis not all business owners behave in the same way in such circumstances. There can be a tendency to ignore or avoid such a crisis until it is to late or to blame external circumstances that are thought to be beyond one's control (McKeran and Flannigan, 1996). It is undoubtedly the case that circumstances can become so critical that there is very little that can be done but it is evident from this research that how somebody acts in such situations can prevent or precipitate the collapse of an enterprise.

13. 3. 2. The Prototypical 'Quasi-Entrepreneurs'

From the coding of the sample using the benchmarks established in Chapter Sixteen there were eight business owners[1] categorised in the prototypical category of 'Quasi-Entrepreneur' the empirical data from these interviews is reported in Table 13. 4. The category 'quasi-entrepreneur' was defined as: *"The quasi-entrepreneur has many, but not all, of these characteristics in common with the entrepreneur" (Chell et al. 1991, p. 71-2 see page 341)*

[1] This chapter will analyse the narrative data of six of the eight.

Table 13. 4.

Behavioural Profiles for the Prototypical Entrepreneurs

	Adrian		Shelly		Tony		Andrew	
	No.	%	No.	%	No.	%	No.	%
1. Opportunistic	19	1.6	32	2.4	***71****	8.1	29	2.3
2. Adventurous	8	0.66	24	1.8	18	2.0	0	0
3. Ideas Person	0	0	37	2.8	0	0	0	0
4. Restless/easily bored	***63****	5.2	0	0	12	1.4	6	0.48
5. Image Maker	28	2.3	19	1.4	***46****	5.2	***55****	4.4
6. Proactive	33	2.7	36	2.7	11	1.2	***44****	3.5
7. Innovative	4	0.33	3	0.23	14	1.6	0	0
8. Financial Strategy	38	3.1	32	2.4	16	1.8	27	2.2
9. Change	***50****	6.9	34	2.6	***60****	6.8	***61****	4.9
10. Information seeking	25	2.1	36	2.7	0	0	17	1.4
TOTAL	**268**	**24.9**	**253**	**19.0**	**248**	**28.1**	**239**	**19.2**
	Angus		**Rick**		**Richard**		**Julia**	
	No.	%	No.	%	No.	%	No.	%
1. Opportunistic	20	2.3	13	1.5	21	1.4	17	1.3
2. Adventurous	0	0	13	1.5	0	0	0	0
3. Ideas Person	19	2.2	3	0.33	***43****	2.8	5	0.38
4. Restless/easily bored	3	0.5	0	0	16	1.1	6	0.45
5. Image Maker	***59****	6.9	21	2.3	***55****	3.6	22	1.7
6. Proactive	***48****	5.6	22	2.5	39	2.6	35	2.6
7. Innovative	7	0.82	12	1.3	10	0.66	14	1.1
8. Financial Strategy	31	3.6	31	3.5	8	0.53	43	3.2
9. Change	30	3.5	***113****	13	12	0.79	***60****	4.5
10. Information seeking	13	1.5	0	0	21	1.4	15	1.1
TOTAL	**230**	**26.8**	**228**	**25.9**	**225**	**14.9**	**217**	**16.3**

Exceeds the 40 text units identified as the benchmark in Chapter Sixteen

When looking at these data what first becomes evident is that each individual shows evidence of behaviour that exceeds the benchmark of 40 text units (with the exception of Shelly who has a more rounded profile). Comparing these data with those business owners categorised as 'entrepreneurs' it also evident that the 'quasi-entrepreneurs' tend to have only one or two forms of behaviour exceeding the benchmark whereas the 'entrepreneurs' have three or more (with the exception of Tony and Andrew).

By examining this data one can make two conclusions. First, that there does appear to be some distinction between the two groups according to the behavioural data drawn from the critical incident interviews. Secondly, that the boundary between the two groups is undoubtedly 'fuzzy'. For example, on the

one hand, if the benchmark used had been 25% of the interview, illustrating the behaviours explored, then Gavin, Adrian, Tony, Angus and Rick would have been classified differently. On the other hand, if the benchmark had been three forms of behaviour exceeding 40 text units of evidence in the interview then Tony and Andrew would have been categorised differently. This problem in the categorisation illustrates two points for future research to consider. First, this difficulty illustrates that more prototypical benchmarks are required the purpose being to create greater clarity between the prototypical categories. Secondly, this problem illustrates a need to question the usefulness of rigid quantitative benchmarks, such as those used, in this form of research. Alternative benchmarks could be established by using qualitative data but these may suffer lack of comparability between research contexts and researchers. Further research is thus required to examine these benchmarking issues in greater detail.

When examining the method used one can suggest from this research that it is not a straightforward exercise drawing a distinction between 'entrepreneurs' and 'quasi-entrepreneurs' and further research should be conducted to test the validity of the categories and to establish more appropriate benchmarks.

When one turns to the qualitative data the problem can be further illustrated – despite the fact that all of these individuals demonstrated less evidence of the behaviours explored there was no doubt that much of their business activity could be described as 'entrepreneurial'.

Adrian

Adrian was the youngest member of a family of Italian business partners who had opened three different Italian restaurants in Newcastle catering to different markets and in different locations. They had a tradition of business enterprise, had a failed business in Sunderland and a brother who owned an Italian restaurant in Glasgow. Adrian was responsible for operating and managing one of the restaurants. The approach of the brothers illustrates a form of group approach to entrepreneurship. For example, Adrian illustrates how they identified the opportunity on the Quayside.

"..we found that the Quayside was coming up as a side of the town for the drinking and for leisure side of the business so we decided to, well it was

somebody which wasn't managed to make a success of this. So we knew we could, because, I don't like to be big headed, we are experienced with restaurants...Obviously we started with something we thought might work because we decided that we wanted a nice little restaurant where people would spend a little bit more. But then we found out that that wasn't the case, that wasn't what the Quayside wanted. The Quayside wanted cheap meals, quick meals and we slowly gradually changed to the kind of clientele"

Note in Adrian's discussion how he talks, using the term we rather than I, which illustrates that the brothers worked more as a team even though they essentially ran separate restaurants. From this quotation it is also clear that some of the success of the Quayside restaurant came about because of their prior experience in restaurants. They were clearly willing to exploit an opportunity and experiment with what they delivered to the marketplace when they realised what they had intended did not work. There experience of the restaurant business was clearly important for enabling them to identify that something was not working and have enough confidence to change what they were doing. Further evidence of their family approach to business enterprise can found in the following extract.

"We started together and then we slowly, we've six brothers, we slowly divided ourselves. I've got some brothers with a restaurant in Middlesborough, Stockton, Hartlepool, Redcar, Durham each one called a different name...If you haven't got enough family support, it's not good. If you are building something and you struggle and you've got support you can struggle, and you can look for better days and keep going until things get better. That (having family support) gives you a different attitude towards the business...a guy by himself is struggling, got bills and wages to pay it just depresses you...if you're not by yourself, you can laugh about it, oh this has been bad and that helps a lot I can tell you"

Evidently for Adrian support from family members who are also in business for themselves is crucial and can make the difference when the business is struggling or going through periods of difficulty. Commitment and hard work were the key features of their family philosophy.

"We've wanted to make something out of this business, so really you've got to be totally committed. There are times when I've worked 7 days, 7 nights every afternoon. I was totally committed and, you know, when somebody tries something you cannot be negative, you've got to act interested...to make a go of it you've got to have a solid foundation for the future...[how do you feel about your work] It's lovely, we never felt that it was hard work because it was

enjoyable. You know, as you're working you find it pleasurable to work because it's nice with the people, you talk with the people and make a good night for them...you're happy you've pleased them and that's rewarding, you know."

For Adrian business success derived from family support, commitment, hard work but above all else enjoyment of what one was doing. Adrian's interview clearly demonstrated his interest in the restaurant business and the reward he gained from his hard work clearly could not be quantified as purely business profit. Evidently he felt that hospitality itself, where it was the successful fulfilment of customer demand was a 'psychological' reward in its own right and one has to wonder the extent to which his motivations were business-orientated or hospitality-orientated, however, one has to acknowledge that they were probably both.

Shelly

Shelly had started her business following a degree in law and enterprise training provided by Durham University. She had won support from the Prince of Wales Young Enterprise scheme and had started by importing African art from West Africa. Following two years of success running this business she expanded by leasing a retail outlet and café in Newcastle City Centre. At the time of interview she was in the process of redesigning the café to reflect the activities of the retail outlet. The conversion of the retail outlet from bookshop to African art had been largely successful and had complimented her wholesale business by providing information about product demand. Evidence of Shelly's behaviours and how these impacted on the business was available throughout the interview. It was also evident that Shelly was one of only a few business owners in the sample who had gained direct and useful assistance from the varied schemes designed to support business enterprise.

"When I first set-up the business I won... Live Wire. I won that twice in a row actually. I won the pre-Business Plan for the Northern Region and then the following year won it as an existing business. I got some money from it and local publicity and that was very helpful when I started out"

Further support and help came from Durham University.

"...I thought I definitely wanted to run my own business and I wasn't sure what and then I went to Durham University Business Course, an Enterprise Course or something, they call it the Graduate Enterprise Course. I went there for a short time but I went there without knowing what I wanted to do... I've got roots in Kenya, my family's from there and then I went there for my holidays I thought 'I could sell this stuff (African art) over in the UK' and that was how I came up with the idea on the course. On the course they helped me to come up with a business plan and that was it, I knew what I wanted"

Clearly, the assistance given by Durham helped Shelly crystallise and assess the idea, however, the business idea itself came as direct response of Shelly's opportunity awareness. In Shelly's view, having experience of Kenya, awareness of the Kenyan marketplace and understanding of the language were of particular importance when starting an import business. She had sought to undertake similar activity in the Far East and had to some extent abandoned the attempt due to unforeseen difficulties that arose from lack knowledge of the marketplace and language. Evidence from this interview thus illustrates the value of individual experience and subjective knowledge on one's capacity first to recognise an opportunity and secondly, to be competent to exploit it (Kirzner, 1990). Shelly's view of the problems for her in South East Asia effectively explain this:

"I did try once to import from the Far East. I went over there but it was so difficult because you can get very easily conned because you don't know anybody there and you don't know the price, you don't know the market, you don't know anything, you don't know the language... While in Kenya I know everything so it's very difficult for me to get conned out there... but it was very difficult when I tried it from a country that I didn't really know".

Her attempts to diversify her business by building on the import-export side and drawing from other countries, to some extent failed, however, other diversification did follow. While working part-time during the early phases of her business the owners of the retail bookshop she worked for offered to sell the retail outlet to her. Initially she was unable to find the finance but as the wholesale side of her business improved with a number of contracts with larger

companies she took the plunge and bought the freehold of the retail outlet (which included a coffee shop). Although the route of diversification from a wholesale importer of African art to an owner-operator of a coffee shop seems somewhat tenuous, however, the logic for the diversification was understandable. The retail outlet provided an opportunity for Shelly to operate a second successful business that contributed to her wholesale business by enabling her to test (in a retail environment) particular types of art. The information acquired thus being useful for purchasing and for informing clients which products sell particularly well and why. The coffee shop was acquired as part of the retail complex and thus was really a subsidiary activity. Shelly was, however, in the process of redesigning the coffee shop and creating a theme around African coffee that would have created further synergy with her other businesses.

Analysing Shelly's behaviour and approach it is possible to argue that she typically exercised a form of portfolio business ownership (Scott and Rosa, 1996) whereby internal logic between business activity did exist and where business growth had a more organic form. Shelly's underlying approach mixed a clear and logical focus for business activity with more abstract opportunity exploitation. Opportunities where available were taken but the business activity involved was re-engineered to give all of the businesses a strategic focus. Shelly's motivation to be a business owner in someway was the key. She did not necessarily restrict herself to a particular business or industry and this gave her the freedom to exploit opportunities as they arose. Once opportunities had been exploited the rationale (mission) for her business was reconstructed to allow the businesses to work together in a synergistic fashion.

Tony

Tony had been the first individual to open an Italian café in Newcastle in the late 1960s, he had eventually sold the business in the early 1980s and opened a new restaurant in Jesmond. The restaurant was eventually expanded and he opened a delicatessen in the late 1980s. At the time of interview Tony was in the process of opening a second restaurant operating 150 covers. Much

of Tony's development over the years had been influenced or restricted by planning difficulties. The main restaurant located in Jesmond had encountered some issues to do with parking and these, as a consequence of the planning issues they created, had severely restricted the expansion of the restaurant (and thus the business). For example, Tony explains:

> *"I could buy the laundrette, I could use the deli and buy the laundrette to make the restaurant larger. They gave me planning permission to use the deli for a no smoking area, but they wouldn't allow me to increase the number of tables. Obviously for the expense it's not worth it...you see there's more traffic but it's not all due to my business... I had to buy elsewhere to expand in the end"*

Tony's experiences with planning permission illustrate a number of points. Firstly, it is clear that external factors can and do have significant impact on a business' growth even where the business owner wants to expand the business. In this case and in many others encountered (in the restaurant industry) planning regulations imposed a heavy burden on many businesses. Indeed, in two instances a business that simply wanted to change part of an existing building into a reception area for the restaurant had to wait 20 years before being able to.

Secondly, this point illustrates that Tony's approach to business is much more embedded in a traditional industry based view derived from his restaurant training and experience. For example, when compared to Shelly who grew her business organically exploiting opportunities and entering into portfolio ownership it did not enter into Tony's business focus to do anything outside of the catering domain. Even where some diversification did occur, for example by the opening of a deli, this was primarily perceived to be a consequence of failing to gain planning permission and thus stimulated by external demands. In many ways this is interesting because for Shelly opportunistic behaviour led to business growth whereas for Tony a desire for business growth that was prevented led to opportunistic behaviour. This clearly demonstrates the importance of understanding behaviour as the interaction between the circumstances of the situation and the individual.

Thirdly, Tony's and Shelly's business experiences also show a need to think outside one's current constructions in order to continue growth. The idea that growth occurs in a linear, logical fashion through phases (Churchill and Lewis, 1986; Scott and Bruce, 1987) has to be considered questionable for a reasonable proportion of the businesses in the sample. In many instances it was spontaneous, non-linear and organic. Indeed, in these two cases using different approaches (portfolio across industry and portfolio within an industry) there was little evidence of clearly focused linear growth. Growth, in these two cases, tended to be dominated by opportunity, a desire not to allow external forces to control one's business and the need for a challenge. This point re-emerges throughout this analysis and it would suggest current theories of growth require revisiting, as it appears they concentrate too much on one of many forms of business growth.

Andrew

Andrew had worked for Adrian's family as a restaurant manager and had identified an opportunity to buy the freehold of a building on the Quayside including a restaurant at a low price. He bought the building and took over the restaurant when the operator's lease had expired. Following this he converted the restaurant to an upper market Italian restaurant avoiding the lower market price competition that prevailed at the time. Andrew was in the process of negotiating a capital investment to turn the rest of the building into a hotel. His rationale for setting up the restaurant can be ascertained from the following extract of the interview.

"I was working, running restaurant X along the road. I was running that and actually thinking of getting a place with them, I even got in touch with the bank but then I heard this place was coming up. It wasn't doing well, the other guy who owned it was going bankrupt and he wanted to be out. This was much better size-wise than the other one, in a better position and much cheaper... I also think this building could be a hotel, so I went for this instead"

Once again we have evidence of the importance of circumstances and the need to be aware of opportunity. In Andrew's case a better opportunity occurred

and he went for that. The fact that this business owner intended to go into business with his previous boss illustrates an important finding of this research, which highlighted the importance of prior business activity on the creation of new businesses. In fact, of 42 businesses in the sample prior work experience (or family relationships) inspired nine businesses. This illustrates the importance of local networking and business role models and mentors in the new venture creation process. It is also quite remarkable the extent to which various businesses in one industry and marketplace are connected to each other. For example, one family owned three restaurants and influenced and supported three others and one other business owner who owned three restaurants (two of them outside the sample) helped his employees create three others. When you consider that most of these businesses were in direct competition with each other it is a fascinating finding for further research. In most cases the support and help given was as a result of friendship. There was evidence, however, that at least one business owner sought to build his employee's confidence and ability and when an employee outgrew the business he supported them in starting their own. Clearly, such a conclusion would mean that certain business owners might have a significant impact on wealth and employment creation, which is well above that created by their own business activity.

Further evidence of Andrew's behaviour can be found throughout the interview. The extent to which hard work and perseverance under tight financial conditions were evident despite the fact the owner at the time of interview was undertaking a less hands-on role. For example, Andrew states when asked what he felt about getting his own restaurant working:

"Well I got a few white hairs actually, for the first year it was hard work, I mean, in the first year I didn't do well, it took a year and half to start picking up and I was still catching up with bills... Booking-keeping was something that I had to pick up...mainly in the beginning it was guess work, I knew how to run a restaurant but I didn't know how to do book-keeping, wages and everything on that side of the business. It was hard, very hard."

From this extract two points can be established. In the first instance, setting up a restaurant was an extremely difficult thing to do even for somebody

who had significant managerial experience in the hospitality industry. This indicates the challenge faced by people who do not have this experience. It is also clear, however that for Andrew at least, managerial expertise alone was not sufficient to run one's own business, it was also necessary to have other competencies (financial in this example). The second point that this extract highlights is that starting a business is a learning process requiring the individual to learn and develop new skills that they did not have previously. Clearly, this is a somewhat obvious point, however, one must not underestimate the amount of learning that is often required when starting a new business, the extent to which an inability to learn creates its own risks and the role of newly acquired skills in the 'success' of an enterprise.

Angus

Angus left the RAF in 1945 and with a partner set-up a fish wholesale business. The business had expanded extensively over the post-war period to become well over a million pound turnover business. At retirement Angus sold the business. Having retired Angus played golf for a while but became bored. His boredom and an opportunity led him to acquire a fine-dining restaurant where fish was the main ingredient (it had been one of his customers). At the age of over 75 Angus, with the help of his daughter, owned and managed the restaurant turning it around from a failing business to a profitable enterprise within three years.

Angus' motivation for acquiring the restaurant is illustrated effectively by the following quotation.

"...when this place came on to the market which was almost four years ago I'd already been in business for forty five years in a wholesale fish processing business supplying hotels and restaurants and this place was one of my customers. And there'd been quite a degeneration here of business...I had already sold out my business and this thing came on the market and I thought right. I hadn't enough to occupy my mind quite frankly and I thought well here's a challenge and I said right we'll have a go and I bought it."

At 75 Angus was by far the eldest restaurateur interviewed as part of the research but the previous quotation clearly illustrates the extent to which one should not underestimate the consequence of personal motivation on the

establishment and operation of small businesses. Angus need not have set-up a restaurant the sale of his previous business had enabled him to become quite wealthy. His motivation to ensure that he was doing something that continued to exercise his capabilities and presented a challenge was his only real motivation for the establishment of this enterprise. Other motivations, such as profit-seeking and business growth, often assumed by policy makers and business support agencies were only of secondary importance to Angus. Part of the challenge of course was to make the business both profitable and growing in terms of trade. Despite this underlying rationale for the creation of the business Angus was not unaware of the need for specific managerial and technical skills relevant to a restaurant business as he states:

"Fortunately my daughter who is hotel and restaurant trained was willing to come in and give me a hand to guide me with the actual running of the restaurant itself...we kept all the staff and gave them a good talking too to get their heads up and stuck in. I made it very plain to them that without them I couldn't do the job and achieve what I was going to do and without me they would be out of a job, and it was as easy as that"

This approach is perhaps typical of Angus' generation, age and experiences. He clearly sees the value in his team and helps them to recognise that the success of the business is dependent on them as a team. Indeed, such a paternalistic approach led to higher than normal retention rates amongst his employees. This trust in the quality of his personnel was evident throughout the interview, for example:

"I built this business up on quality. I have the best chef or one of the best chefs in the North of England without a doubt and the staff around him. I have a first class restaurant manager and it all works together as I said it's a team effort and I look after all the business end myself... All the original staff are here, in fact I can't get rid off them. It's worrying because hotel and restaurant staff are notorious for moving around especially chefs but I still have my head chef. I still have my two Sauté chefs and I started a young man here at the age of sixteen who's proved a winner. He should be moving on, he should have been moving on eighteen months ago but he is still here and I think he doesn't want to go. But that's for his own good he should be moving on to broaden his horizons and get more experience we can't teach him any more here".

From this quotation it is clear that Angus had worked extensively to build the capabilities of his team rather than just recruit the 'best' he sought to help his team become the 'best'. This included investment in personal development and such an approach has led employees to be commitment to the business and to Angus himself.

In the early years of his business Angus spent some considerable time, effort and money trying to change the image of the restaurant from a very expensive, unobtainable image to one of value for money. His philosophy with regard to this can be shown in the following quotation:

"I had 45 years in the wholesale business, supplying hotels and restaurants and you learn an awful lot about human nature and that to me is half the effort of a good business. Establishing how the mind ticks because the art of salesmanship is giving you customers the impression that they are getting something for nothing. I always remember a guy down at the X golf club where I'm a member...he had the gift of talk and people would go to him with second hand golf clubs that they wanted to exchange for new and he had a market for second hand golf clubs in Sweden, they didn't know that. He would talk to them, sell them new clubs and took the old ones, he gave them a wonderful price and they thought gosh what a cracking deal I've got. Do you know that guy was making £3000 a week, he made a fortune purely knowing how human beings think. As I said the essence was that they were getting value for money and they thought what a wonderful deal I've got. That's the best advert there is word of mouth... once you've got them you've got to do whatever it is well and get them telling everybody else how good you are."

This philosophy served Angus well. At the time of interview the restaurant was a profitable venture, the business turnover had grown significantly and sales during lunchtime had begun to dissolve the restaurant's image of an expensive place to eat.

Rick

Rick opened his first restaurant on the Quayside before it was redeveloped. The restaurant had undergone a significant renovation to make it more appealing to normal diners and less exclusive. Rick's motivation to be challenged and to open fine dining to all customers influenced the opening of his second and third restaurants. Both opened in the early 1990s and offered 'low-frills' fine dining and utilised the bistro concept. The following quotation

illustrates Rick's fear about his restaurant and how this translated into changes to his existing restaurant and the opening of two new restaurants.

"August 1995 we had something of a major rehash at restaurant X, this was formally a lounge area. I had this awful fear that the bigger the reputation the bigger the barrier was being built at the front door. The sought of posh restaurant thing and I was afraid of scaring people away and I felt I had to do something fairly radical, to dispel that once and for all".

This underlying perception, it can be argued, led Rick to open two subsequent restaurants that were relatively low frills but that maintain the food quality aspects of fine dining. Rick explains:

"When I opened the second restaurant which from a financial point of view was a huge bonus because we were able to utilise fully the kitchen facility we had here. I bought a very small restaurant with a very, very small kitchen. We approached it in an unconventional way in that I didn't take bookings, it was purely chance trade... There was thirty-two seats, the only way to make it profitable was to utilise those seats more often than the norm. In the normal situation everyone wants to eat between eight and eight thirty. I had to look at ways and means of filling those seats before that to get them back at the normal trade at eight thirty. I worked a no bookings policy, in that, people would be scared that they wouldn't get seats and would be forced to come early, and it worked. It worked to the point I would open at six and the seats were full by 14 minutes past six."

There are a number of points to highlight from this quotation. There is evidence here of innovative behaviour (in relation to the locality) in that having a kitchen supplying the food for two restaurants was uncommon and using an open-bookings policy for a specific strategy as that discussed was relatively innovative. The key point, however, is that these decisions were innovative when compared to direct competitors in Newcastle-upon-Tyne but neither activities could be considered innovative when compared to the industry generally. This illustrates that innovation can be important within the competitive environment of a locality because innovation aids competitive advantage (Schumpeter, 1971) rather than necessarily being entirely new. Examples of this form of innovation, embedded in a specific marketplace, can be found when new restaurant concepts are introduced into the UK from the US.

Rick's business was started prior to the recession of the early 90s and initially it rode the wave of success that many restaurant businesses experienced

at the time due generally high consumer expenditure on eating out. How Rick responded to the recession and managed through a period of difficulty is illustrative of the importance of experiential learning in the process of business ownership. Indeed, it is clear from these interviews that some business owners experiencing similar difficult circumstances adapted and learnt much quicker than others and this undoubtedly contributed to the survival of their business. For example:

"You know it's very easy to get blasé about it all, you know, we didn't do a lot of advertising or anything and the seats were full and it was nice, and it was profitable. And you think, well I've got the golden touch and then reality struck home. So, I think in the long term for me personally it wasn't such a bad thing. You know, the recession and having to adopt recessionary thinking"

One can see from this quotation the importance of learning for Rick. The business went through a period of significant difficulty as many others in this sample have done at times. The way these difficulties have been constructed by the individual have differed considerably. It is evident, for example, that those facing difficulties and not avoiding them, those who have drawn on the support of others and have been proactive when problems occur have been most able to ensure the survival of their businesses in such circumstances. Indeed, there is some evidence in the data that most of the 'successful' entrepreneurs and quasi-entrepreneurs have at some point fought through a critical juncture in their business that at the time threatened its survival.

This brief overview of the 'quasi-entrepreneurs' illustrates that their recorded behaviours have in someway influenced their business development. In other words, there is evidence in this research to suggest that, to certain degree, those categorised as 'entrepreneurs' and 'quasi-entrepreneurs' made their own luck even though in certain instances chance did intervene. Even where difficulties had been encountered they were overcome and all of the 'entrepreneurs' and 'quasi-entrepreneurs' had at some point taken their businesses through a period of growth or change. Indeed, when comparing these two groups with 'administrators' and 'caretakers' the critical factor

appeared to be change facilitated by the business owner when compared with stability. Further data highlighting this difference will be shown in the closing section of this chapter.

13. 3. 3. The Prototypical 'Administrators' and 'Caretakers'

From the coding of the qualitative data using the benchmarks established in chapter eleven there were 14 business owners categorised as 'Administrators' and 14 categorised as 'Caretakers'. Figure 13. 2. reports the summary of the behavioural data for these business owners.

The qualitative data from these interviews have been analysed in great detail using NUD*IST but for the purposes of this chapter the data from two of the interviews will be explored in detail and thus provide examples and illustrations. Figure 19. 1. in the concluding chapter summarises the analysis that has been conducted on these data. The two individuals chosen were Donald who was categorised as an 'Administrator' (text units 110 - 9.55% of interview content) and Sarah who was categorised as a 'Caretaker' (text units 44 – 7.20% of interview content). The categories were defined as: *"In all these attributes, the entrepreneur contrasts with the prototypical 'caretaker' who possesses none of these...The prototypical administrator is reactive rather than proactive; they are moderately innovative and they may take opportunities, but not regardless of current resources" (Chell et al. 1991, p. 71-2 see page 341)*

Donald

Donald had always worked in the catering industry and had felt that he should start a business for a number of reasons.

> *"I didn't particularly enjoy the job, I was bored rigid at times and I'd been in that particular job for 7 or 8 years, so I wanted a change anyway. At my age then, which was 42, I looked at the job market and thought, well, I'm not an old man at 42...and I thought the chances of landing something that I could say, 'Right, I'll stick to this for a while' were pretty slim...I'd always wanted to work for myself and I thought well, if I'm ever going to do it, now is the time...before I give up and crumble altogether"*

Unlike the business owners categorised as 'entrepreneurs' and 'quasi-entrepreneurs' it clear from this quotation that Donald has in someway been psychologically displaced from employment into business ownership (Shapero,

1975; Kets de Vries, 1977). Although he had clearly always considered business ownership as an option he had waited until critical factors in his career, mainly a perceived (or actual) lack of opportunity and boredom with his work essentially pushed him towards business ownership (Shapero, 1971; Shapero, 1975). Clearly, there is a quite different set of reasons that have led Donald into business ownership.

There is evidence in the interview that shows an attempt to restrict risk and demonstrates an avoidance of innovative behaviour. In this sense the data demonstrates behaviours that are different from those used by 'entrepreneurs' and 'quasi-entrepreneurs'. For example discussing the opening of the business Donald explains;

"Yes, this was an existing business, so that was fairly reassuring in-so-much as I knew what the current state of business was. And, I thought well, set all the buttons and carry on doing what the previous owners were doing, you know, and I should be all right. Which is what I did initially. I just carried on doing what they were doing and, as I say, the first year it was about the same. Then it started to go down but I don't think it was down to me. I think it was down to the area."

This extract from the interview highlights two points. In the first instance Donald continues to operate a business that has been recently sold without questioning why the business was sold. Perhaps poor profitability led to its sale in which case continuing operating in the same way as the previous owners, may not have been an appropriate strategy. This demonstrates a lack of awareness of opportunity (Kirzner, 1980). Secondly, his reaction to the downturn demonstrates evidence of external locus of control essentially explaining the downturn in business to external circumstances beyond his control (Rotter, 1990). Subsequent reflection and awareness about how things may have been done differently appears to differentiate Donald as an 'administrator' rather than 'caretaker' owner type. Evidence of Donald's understanding can be found in the following extracts.

"That's right, yea, I guess with hindsight sometimes, I could have perhaps opened somewhere in Newcastle and charged about 50% more than I'm charging currently. I could have had a higher profit margin because costs are going to be roughly the same, your rent may be more but other than that, I mean, it's exactly the same electricity and gas, so their the same. So there'd be a higher mark-up in town so you'd get higher profits in town..."

"Because there was a downturn in business I felt that, wrongly, I felt now looking back. I've never thought of this really. At the time I felt that because business was going down I had less spare cash available so I had to conserve that money rather than spending a bit to smarten the place up. Giving the staff new uniforms, getting new menus printed and so on... Looking back now, I hadn't thought of it much but looking back now I think that was a mistake. I should have spent more money on the place because when I took it over it was a bit worn around the edges. There was chipped crockery and that sort of thing."

This awareness that the location of the business could have been better and that the start-up strategy may have been improved upon illustrate that Donald has learnt a great deal from reflecting on his experiences. Never the less the evidence of the interview illustrates behaviours that are reactive, risk adverse and to some extent highlight an avoidance of change or innovation. These are not the behaviours currently thought to represent entrepreneurial behaviour and the coding has enabled the categorisation used to distinguish between Donald and those business owners categorised as prototypical 'entrepreneurs' and 'quasi-entrepreneurs'. There were 13 other business owners categorised as 'administrators' whose interviews provided similar data.

Sarah

The narrative data drawn from Sarah's interview indicated behaviours associated with the 'caretaker' category of business owner (Chell et al. 1991). Sarah started a café as a consequence of her interest in home catering. She felt that it was a natural progression to extend what she enjoyed in a domestic situation into a commercial one. The purchase of her business did, however, present future problems for its profitability.

Sarah
"When we bought the premises we didn't know in the local searches that there was going to be a by-pass, we were never notified that this was going to happen. We went on holiday and we came back and they'd altered the roads ..."

Interviewer
"Was there a lot of trouble in terms of when it was being constructed were you surprised by it or did you know it was going to take place?

Sarah
"Not really, no, it wasn't as such because there was still quite a lot of traffic going by before the by-pass opened but once it was officially opened a lot of people obviously found it much easier to go down that road than come down here".

Had Sarah undertaken full research before purchasing her business such a significant development as a by-pass would have been well documented. It is also interesting to note that she expected the authorities to inform her that it was going to happen. As with Donald this incident shows a lack of external awareness (Knight, 1921) a degree of reactive behaviour (Chell et al. 1997) coupled with an external locus of control (Rotter, 1990). Sarah's psychological reaction to the downturn in trade caused by the by-pass was illustrative of this category of business owner and was evident in many of the interviews with business owners categorised as 'caretakers'.

Sarah
"Yes, oh yeah, I had such a lot of regulars, it was the same sort of regulars that came in on a Saturday morning. It was the same group of people you'd see, about 20 people every Saturday and then all of a sudden they just disappeared and you thought, why have they stopped coming, what have I done wrong. You know the sort of thing, you start blaming yourself, well I did, I thought what am I doing wrong."
Interviewer
"You thought maybe you'd upset people?"
Sarah
"Yes, have I said something to them, and then they'd appear again three or four months later and you'd think, well, where have you been and you don't like asking."

Many business owners in this category viewed unfortunate circumstances such as a downturn in trade in personal terms. The contrast to which difficulties were rationalised and analysed between business owners categorised as 'entrepreneurs' and 'caretakers' were quite extensive even where the actual circumstances were the same. On the one had, 'entrepreneurs' tended to view situations in a more objective fashion using analysis and intuition. On the other hand, 'caretakers' tended to view situations in a more subjective fashion even to the extent that they were emotionally attached to the consequences. Indeed, these differences were also apparent in the various business owners' approach to decision-making. This observation somewhat confirms the view that the way

circumstances are socially constructed and viewed by a business owner has an influence on how s/he understands incidents and thus influences how s/he acts (Chell, 1998).

This analysis of the interviews has been used to illustrate how categories differ in terms of behavioural data and thus show how the data has been used to construct the prototypical categories of business owners. After coding the narrative data and using it to construct the business owner categories it is possible to compare these data with those for business growth and demographic category. The following section of this chapter undertakes this analysis.

13. 4. Statistical Analysis of the Prototypical Categories

The purpose of this analysis is to establish whether there were statistically valid differences between the prototypical categories derived from the behavioural data when compared with business growth and demographic category. There are two purposes for this analysis. The first purpose is to establish in this research whether behaving in a prototypically 'entrepreneurial' fashion has had an influence on business growth. The second purpose is to examine whether demographic category derived from ones education and industry experience has influenced the form of prototypical behaviours used by business owners.

13. 4. 1. An Analysis of Prototypical Category by Business Growth

As discussed in Chell et al. (1997) business growth is a matter of judgement. As entrepreneurship, in the definition used, concerns capital accumulation and wealth creation one would expect to find 'entrepreneurs' and 'quasi-entrepreneurs' managing expanding businesses and 'administrators' and 'caretakers' managing plateauing and declining firms. From previous research, however, it is evident that one must be careful not to assume this. The prototypical categories report behaviours while the growth categories report particular development (Chell et al. 1997). In the previous cross-cultural research two important considerations were evident. First, that unfavourable economic or political circumstance influenced growth. Evidently environmental

context impacts on growth potential. In this research, however, environmental context has been controlled to greater degree and thus should have less impact on the results. Secondly, that an individual behaving in a prototypically 'entrepreneurial' fashion can in fact manage a declining firm where that decline is purposely planned towards an ultimate aim. In this sense one would expect to find some connection between growth and the prototypical categories of business ownership but that such a relationship may be complex (Chell et al. 1997).

Table 13. 5. shows a comparison of means for average growth by prototypical category of business owner.

Table 13. 5.
The Degree of Business Growth when analysed by the Prototypical Category of Business Ownership

	Entrepre-neurs No. 3	Quasi-Entrepre-neurs No. 8	Administra-tors No. 14	Caretakers No. 14
Growth in Covers 1994 – 1997	*10.00*	***52.75****	*-12.71*	*00.64*
Growth in Employment 1994 – 1997	*2.67*	***6.75****	*-1.57*	*0.21*
Growth in Number of Restaurants 1994 - 1997	*0.33*	***0.63****	*-1.43*	*0.00*
Growth by Turnover Category 1994 – 1997	*0.33*	***1.25****	*-0.29*	*0.21*
Growth Category	Expanding	Expanding	Declining	Plateauing

Denotes Duncan's multiple range test with significance level 0.05

The results in Table 13. 5. show an interesting set of data that does not conform totally to the expectations derived from previous research (Chell et al. 1991; Chell et al. 1997). In this data set business owners categorised as 'entrepreneurs' and 'quasi-entrepreneurs' on average operated expanding businesses. It is interesting that those categorised as 'quasi-entrepreneurs' on average operated businesses that were expanding faster than those categorised as 'entrepreneurs' did and that these mean averages were significantly different from the results for 'administrators' and 'caretakers' (below 0.050 level of significance). There are two possible explanations for this finding. First, it has been recognised that the distinction between 'quasi-entrepreneur' and 'entrepreneur' is somewhat arbitrary. In this research the distinction was drawn at 400 text units of behavioural evidence fitting the behavioural profile. Had the research used percentage of content, which is a recommendation for future

research, the categorisation of some individuals would have been different possibly having an impact on this analysis. Secondly, examining the critical incidents in the narrative data a different explanation can be put forward. In this data set the three individuals who were classified as 'entrepreneurs' had already undergone significant expansion before 1994 (growth data was collected for the period 1994 – 1997) and subsequent expansion had been more incremental. This differed from the 'quasi-entrepreneurs' who (with a few exceptions) were going through their first period of expansion during the period 1994 – 1997. This would indicate a weakness with the measures of growth used, growth could have been operationalised better in the research if it had been over a slightly longer period and included growth intentions as well as actual growth.

Examining the data it also interesting to note that in this data set administrators on average were operating declining businesses while caretakers were on average operating plateauing businesses. Once again there are two potential explanations for this result. In the first instance a business owner's circumstances may have skewed the results. One of the interviewees had been operating three catering outlets in the food court of Eldon Square (shopping centre). The directors of the shopping centre decided to close the food court to enable Marks and Spencers to expand precipitating an enormous decline in the individual's business (3 outlets, 200 covers and around 20 employees). Such an enormous decline will have had an impact on the data. Taking this anomaly out does not, however, explain the general direction of the growth data between 'administrators' and 'caretakers'. By referring back to the original narrative data one further explanation arises. Those business owners classified as 'administrators' predominantly owned restaurants while those classified as 'caretakers' predominantly owned cafés. Due to considerable price competition and an increase in restaurant supply the context for restaurant businesses in Newcastle had become more competitive leading to a decline in many businesses. In the café sector, however, there had been a growth in demand and thus enabled most business owners to operate at a sustainable level. This will undoubtedly have affected these results and may explain why on average 'administrators' business were declining while 'caretakers' businesses on

average were plateauing. This point also illustrates that when conducting research it is difficult to control for differing environmental contexts. Even though this research restricted the sample frame to restaurant businesses in Newcastle-upon-Tyne there were different types of restaurant concepts operating in different markets and thus experiencing different trading conditions.

Further analysis was undertaken on this data to establish the strength of the relationship between growth and business owner category and these results are illustrated in Appendix 16. The analysis used Pillais' multivariate test and showed that there was little statistical relationship between growth category and business owner category (significance = 0.540). This result shows that an individual's form of behaviour does not automatically lead to business growth. This is to be expected because individuals may not necessarily choose business growth as on objective, the environmental context a business operates in also influences growth and a desire for business growth can change over the course of the life span of the business. This confirms the findings of research conducted by Chell et al. (1991).

The following section will further this analysis by investigating the relationship between these behavioural categories and the demographic categories.

13. 4. 2. An Analysis of Prototypical Category by Demographic Category

The purpose this analysis is to establish if there is any relationship between the behaviours categorised in the prototypical categories of business owners when compared with their education and past experience in the industry context. Table 13. 6. illustrates the relationship using a cross tabulation.

Table 13. 6.

Cross Tabulation between the Prototypical Categories of Behaviour and Demographic Categories

	Professional		Amateur Professional		Operator		Amateur	
	No.	%	No.	%	No.	%	No.	%
Entrepreneur	2	67	0	00	1	33	0	00
Quasi-Entrepreneur	3	38	2	25	3	38	0	00
Administrator	2	14	5	36	5	36	2	14
Caretaker	3	21	2	14	4	29	5	36

From these data it is possible to suggest that there is some relationship between demographic category and the behavioural profile of business owners in this research. Indeed undertaking a Pearson 2-tailed correlation coefficient test on these data confirms a minor relationship (0.2709 P = 0.083: Appendix 10). Given the sample size (42 cases), however, this result should be taken lightly and further research may be required. From the data collected in this research this result does suggest that individuals who have more experience/awareness of the industry within which they operate are more inclined to behave in prototypically 'entrepreneurial' way. It appears, however, that educational background also plays its part in influencing an individual's behavioural approach.

This section of the chapter has analysed the prototypical categories created from the narrative data, in the following section the intuitive findings derived from grounded coding will be explained.

13. 5. Intuitive Findings

Intuitive findings are results that have arisen from the data analysis in an intuitive way rather than through analytical coding. Such results are thus preliminary findings that derive from this specific research and are valuable

because they can be used to identify recommendations for future research. In this sense these findings are truly grounded in the data set.

13. 5. 1. Business Growth

In this research a number of push and pull factors for business growth were identified that were not previously identified in the literature review (Shapero, 1975). Of the growth businesses analysed in the research a large proportion (40%) had grown because they wished to retain quality personnel and had felt unable to do so unless they continued to offer further opportunities for personal development. As such in this research growth orientation and motivation was considerably complex.

Within the café and restaurant industry it was also evident that fear of fraud or pilferage created a significant barrier to growth. In this industry growth often required opening more business units at different localities and this was true regardless of growth strategy. Such growth inevitably means the employment of operational management and a requirement that business owners trust those managers. In the majority of incidents, however, such trust was misplaced (fraud did occur) or business owners did not expand because they could not ensure operational control of the unit. This finding confirms research showing that the delegation of authority is a major barrier to growth for many business owners, even where they wish to grow (Kazanjian, 1984; Flamholtz, 1986). It does, however, show that the problem of fraud and pilferage thought to be endemic in the hospitality industry provides a real barrier to business growth (Rozario, 1989). Further research could productively examine this issue.

There were a number of intuitive findings about the nature of owner behaviour as it related to strategies and forms of growth. It appeared that many of the growth orientated business owners interviewed were portfolio or serial entrepreneurs. Ownership of businesses did tend to cross industry boundaries and this confirmed other research recently conducted (Rosa and Scott, 1997).

Where a business owner's growth strategy was primarily led by the recognition and exploitation of opportunity growth tended to lead to business

ownership that crossed industry boundaries. Where a business owner was motivated by change or a challenge business ownership tended to involve disparate businesses of differing types. Sometimes this led to portfolio business ownership across industries and at other times it led to serial business ownership. Business owners who were specifically motivated to grow their business, in this research, tended to reduce risk by replicating business units in different locations. Such an emphasis tended to lead to more traditional linear forms of business growth in one industry context. From this research it is possible to conclude that motivations and behaviours may be directly linked to strategies of growth and this should form a productive area for future research.

In a large proportion of the interviews conducted including both benchmark cases there was narrative evidence that indicated team behaviour may be an important consideration for future research. In a number of incidences growth businesses involved an important partnership between two people one of whom was highly creative, energetic and innovative the other of whom was more action orientated and who tended to control overzealous creativity and change. This counterbalance between creativity and control appeared to be a recurring theme that has emerged in other research about business organisations (Peters and Waterman, 1982) and it could be a productive area for future research in entrepreneurship.

13. 6. Conclusions

The qualitative analysis that has been conducted in this chapter has produced many useful conclusions and these will provide recommendations for further research. Many of the results confirm or contradict established theories in entrepreneurship and this has proven to be useful for understanding business behaviours from the perspective of the social construction of personality. The key points that can be drawn from this chapter are summarised below.

i) In the sample of 37 business owners analysed using the Chell et al. (1997) behavioural profile there were three business owners categorised as 'entrepreneurs', eight categorised as 'quasi-

entrepreneurs', 14 categorised as 'administrators' and 14 categorised as 'caretakers'. After using the benchmarks established in chapter eleven it was concluded that the percentage of narrative content formed more appropriate benchmarks than numerical content. For future research it is suggested that 30% of narrative content becomes the benchmark for 'entrepreneur', 20% becomes the benchmark for 'quasi-entrepreneur', 10% for 'administrator' and below 10% for 'caretaker'.

ii) It is acknowledged that the prototypical categories have 'fuzzy' boundaries but it was concluded that the distinction between 'entrepreneur' and 'quasi-entrepreneur' remains problematic and it was recommended that further research be conducted to investigate the distinction.

iii) The narrative data of the prototypical 'entrepreneurs' confirmed the findings of chapter twelve. Even within prototypical categories there were modes of behaviour that were linked to different motivations and strategies of growth. In the intuitive findings some explanation was provided. It was suggested that motivations, behaviours and business strategies were in someway linked and these relationships will be explored in greater detail in the concluding chapter.

iv) There was considerable evidence of portfolio and serial entrepreneurship confirming theories and research undertaken by Rosa and Scott (1997).

v) There was evidence in the data that illustrated changes in business strategies and underlying motivations during an individuals period of business ownership. This indirectly confirmed some of the ideas of Gibb's and Ritchie's (1986) life-cycle typology. It also provided evidence that individuals do change and adapt their behaviours between prototypical categories of business ownership depending on circumstance (Chell et al. 1997).

vi) There was evidence in the narrative data to suggest that experience (particularly in the industry context) is of considerable importance when trying to grow one's business. Growth was more complex,

however, and where it was across industries industry experience appeared to be of less value. In this data there was very little evidence to suggest that education had much influence. Business owners who had neither experience nor formal education did, however, tend to operate more declining and plateauing businesses.

vii) The prototypical 'entrepreneurs' in this sample provided evidence to suggest that the way a business owner constructs their perception of the trading environment may have an important impact on their behaviour (Chell and Pittaway, 1998b). This was confirmed by the way one owner stepped outside his immediate trading environment to solve a supply problem and by the way some business owners acted during a negative incident that enabled it to have a positive outcome or value.

viii) Despite the above point it was illustrated by this research that 'success' in business depended on the individual's objectives and only then achieved through the interaction of behaviour and circumstance.

ix) There was evidence in the data that business owners who were categorised as 'administrators' and 'caretakers' did tend to have an external locus of control (Rotter, 1990). External circumstances were generally thought to be beyond their control.

x) The narrative data illustrated that 'caretakers' tended to view business problems and issues in a personal way. They tended to find it difficult to undertake an abstract analysis of a situation that was disjointed from their immediate emotional response (to, for example, a downturn in business).

xi) In this research 'entrepreneurs' and 'quasi-entrepreneurs' on average operated expanding businesses, administrators operated declining businesses and 'caretakers' operated plateauing businesses. A number of possible reasons for the result were identified and some limitations highlighted. It was concluded, however, that although a business' circumstances play an important part there are relationships between owner behaviour and form of business growth.

xii) It was shown in this research that business growth was influenced by a number of factors. Growth was facilitated by a desire to provide opportunities for quality personnel and restricted by perceived fraud and pilferage in the industry.

xiii) In the research it was identified that team entrepreneurship did occur and most typically involved a partnership between two people one creative and innovative and the other action orientated and exercising financial control. It was suggested that further research could investigate this finding in greater depth.

These conclusions confirm some of the ideas of existing theory, introduce some new ones and form an important contribution to knowledge on which further research could be based. In the final chapter this thesis will be concluded. The work conducted will be summarised and conclusions for the entire thesis will be drawn including from the literature review, conceptual framework and field research. From these conclusions some recommendations for further research will be suggested and the limitations of the work explained.

Chapter Fourteen

Conclusions

14. 1. Introduction

The purpose of the final chapter is to conclude this thesis by showing where the work undertaken has contributed and added to the subject of entrepreneurship. Its primary purpose is to show how the key findings inform the subject and make recommendations for future research.

14. 2. Conclusions and Recommendations

14. 2. 1. Meta-theory: Conclusions from the Literature Review

The conclusions drawn from section one and two of this thesis relate to an analysis of the meta-theoretical assumptions underlying entrepreneurship using social constructionism as the mode of critique. In itself this part of the thesis has contributed to knowledge. In previous studies a number of authors had indicated the need to explore the underlying assumptions of research in the field (Kilby, 1971; Low and MacMillan, 1988; Bygrave, 1989; Churchill, 1989; Oliga, 1991). Until now, however, as far as the author is aware, no study has attempted to provide a comprehensive analysis of the philosophical assumptions underlying the study of entrepreneurship. In doing so section one and two have provided a conceptual map of the subject. Undoubtedly this analysis has contributed to the subject in this broad sense and many of the conclusions drawn derive from this holistic picture of the subject. It is also the case, however, that the application of Burrell's and Morgan's heuristic device to individual research studies has also contributed to a better understanding of the subject. This is because the analysis used has enabled the research to draw from each study its implicit philosophies and, therefore, provides a better understanding of each study's mode of knowledge construction. This has been a valuable exercise because it enables future study to be aware of, and build on, an explicit

philosophical foundation. In other words, what has been implicit in previous research has been made explicit by this analysis and thus the work can inform future research.

The following conclusions from section one and two will illustrate this point and provide useful recommendations for researchers studying entrepreneurship.

i) The vast majority of research in the subject of entrepreneurship reviewed in this dissertation is dominated by functionalist assumptions about social science and society. As a consequence it is recommended that research in the subject of entrepreneurship may provide new and different knowledge by utilising the radical humanist, radical structuralist and interpretive paradigms of social science research. More specifically that using a Social Constructionist approach can aid research in the future. This is concluded because the research undertaken illustrated that multiple modes of theorising were beneficial to a subject providing different phenomena and different forms of knowledge. To some extent this has begun to occur recently with the growth of ethnographic research (Fletcher, 1998; Ram, 1998) and social constructionism (Chell, 1997; Chell and Pittaway, 1998b; Fischer, Reuber, Hababou, Johnson and Lee, 1997). It is suggested, however, that this shift away from the dominant paradigm of social science research should continue and will be beneficial to the subject.

ii) It is also concluded that research approaches that have previously used strong functionalist assumptions tend to eradicate purposeful behaviour from their mode of enquiry thus providing relatively poor explanations of 'entrepreneurial' behaviour. It is recommended that research examining 'entrepreneurial behaviour' avoid making extreme; realist, positivist, deterministic and mechanistic assumptions.

iii) In the analysis of the economic approaches to the study of entrepreneurship four paradigms of study were identified; the equilibrium paradigm, the dis-equilibrium paradigm, the revolution-

equilibrium paradigm and the anti-equilibrium paradigm. This finding concurred with other contemporary studies (Hébert and Link, 1988; Binks and Vale, 1990; Harper, 1995) and showed that different economic approaches applied different philosophical assumptions. It is concluded from this finding that there were different economic events occurring in the economy and that different events may be explained by different modes of 'entrepreneurial' behaviour (Binks and Vale, 1990). Following this conclusion it is recommended that research be conducted on these different events and that such research concentrate on the reasons such events occur and the place of different categories of actors in these events. As a consequence of these philosophical differences it is also suggested that theorists become more explicit about their implicit assumptions (as is evident in some contemporary work: Fischer et al. 1997; Chell and Pittaway, 1998b; Thakur, 1999).

iv) The analysis of problems of the contemporary theory of the firm in respect of entrepreneurship has enabled some useful conclusions to be drawn. First, research that ignores the dynamic nature of the economic (social) environment struggles to explain entrepreneurial behaviour. Secondly, research that ignores the influence of individual (or collective) action may reduce entrepreneurial behaviour to a purely deterministic phenomenon, losing important aspects of human action. Thirdly, that research which ignores the impact of human choice on behaviour may miss the nature of 'entrepreneurial' action. It is recommended that these points provide the guiding principles for future research on 'entrepreneurial' behaviour.

v) The identification of three paradigms of psychological approaches to the study of entrepreneurship were, namely, the unitary or hard determinism paradigm, the plural or soft determinism paradigm and the social constructionism paradigm. Once again these were dominated by the functionalist assumptions of social science and society. From this analysis two key points were made. First, the definition of

'entrepreneurial behaviour' depends on a researcher's underlying philosophical framework. Second, consistency in a researcher's meta-theoretical framework is important. It is, therefore, evident that researchers studying 'entrepreneurial behaviour' in future make explicit their philosophical assumptions and that they consider the consistency between the assumptions they make.

vi) Further it was concluded that previous research in the interpretive paradigm provides some useful explanations of 'entrepreneurial' behaviour. It is suggested that these approaches are useful because they are relativist, accepting a number of different phenomena into the subject, and because they are more able to introduce ideas about imagination, choice and human action. It is also recognised that previous research in the paradigm had not constructed explicit assumptions (although this has since been addressed: Chell, 1997; Chell and Pittaway, 1998b). As a consequence it is recommended that the subject of study could gain from research that produces an explicit research framework in the interpretive paradigm of social science.

vii) The permeability and incommensurability of Burrell's and Morgan's paradigms were found to be problematic in the research. Evidence of permeability is not easily available in the literature review and it is concluded that permeability across research paradigms does not occur. The research found that the incommensurability concept is problematic. It is concluded that where researchers are constructing research on implicit philosophies there is a possibility of different forms of philosophy (i.e. assumptions about reality, knowledge, human behaviour and methodology) being in contradiction with each other. This finding gives further support for the recommendation that researchers should seek to draw explicit philosophical assumptions in their research.

These conclusions illustrate that this thesis has contributed to knowledge by exploring and illustrating the philosophical assumptions of prior research.

The final conclusion listed here constitutes the major objective for the next section of the thesis that is to construct an explicit theoretical framework that uses assumptions from the interpretive paradigm of social science.

14. 2. 2. Theory: Conclusions from the Theoretical Framework

As with the literature review, section three has contributed to knowledge in its own right. The purpose of the section was to construct an explicit theory using interpretive philosophical assumptions and based on social constructionism. The resultant framework draws together theories, concepts and ideas from three major social sciences. Economics is represented by theories of choice drawn from Knight (1921), Schumpeter (1934; 1949; 1954) and Shackle (1955; 1972; 1979). Sociology is represented by theories about reality and knowledge in society (Garfinkel, 1967; Blumer 1969; Berger and Luckmann, 1979). Psychology is represented by theories of personality and behaviour (Hampson, 1982; Chell, Haworth and Brearley, 1991). As far as the author is aware, this multidisciplinary framework has brought together these theories for the first time and integrated them into a philosophical framework that provides transparency and consistency. In doing so knowledge is constructed by providing an explicit framework for research studies using social constructionism. As a consequence future empirical observation can be harnessed within a specific research agenda based on philosophical foundations. This is a useful addition to the subject because it facilitates research studies that are compatible with each other.

By creating such a conceptual framework further contributions to knowledge are made through the identification of research propositions that are explicitly linked to a research paradigm. The field research has only been able to begin to analyse one proposition. Which was to analyse the process of business behaviour in relation to an individual's motivations. All of the propositions, however, provide avenues for future research that can be pursued by other researchers in the subject area. As a consequence the conceptual frameworks constructed can facilitate further research.

The following conclusions highlight in general terms the key areas of research proposed by the conceptual framework. There were, however, 21 propositions for the social constructionist research agenda linked with specific recommendations for research and these can be found in chapter thirteen.

i) From the integrated theory of entrepreneurship assembled in chapter thirteen it is concluded that research should investigate how different business owners interpret and understand their market environment (Lang, Calatone and Gudmudsen, 1997). It is understood that different individuals may view similar circumstances in a different way and that this may influence their behaviours. The field research conducted confirmed idea. There was evidence that different prototypical categories of business owners interpreted their environment in distinctly different ways (in this research - where the business context was essentially the same). For example, prototypical 'entrepreneurs' tended to view events in a positive proactive way while prototypical 'caretakers' viewed events in a reactive way. The observations conducted thus confirm this theory but further research is needed to explore this finding in greater detail.

ii) It is concluded further that research is needed which examines the 'social' personality derived from a business owner's past experiences and perception of self. In the field research evidence was addressed that confirmed this idea. It was evident, for example, that a business owner's past experience in an industry setting did play a part in their behaviours but it was not clear to what extent this influenced 'business performance'. Further research is thus required that specifically examines how business owners construct their perceptions of self. There is some contemporary research that has begun to delve into this issue from the perspective of identity formation (Rose, 1989; Giddens, 1991; Stevens, 1996; Rouse, 1998a; Rouse, 1998b); it is beginning to show how the identity of individuals is linked to their business

enterprise. Such work currently examines youth enterprise but could productively apply a social constructionist research agenda.

iii) In chapter thirteen it was theorised that the cognitive process including; habitual knowledge, rational-analytical, initiative-holistic and imaginative thought processes would have an important part to play in 'entrepreneurial' behaviour. The fieldwork provided some confirmatory evidence for this theory. For example, prototypical 'entrepreneurs' tended to view events analytically while prototypical 'caretakers' tended to rationalise negative circumstances in personal emotive ways. It is suggested that further research be conducted specifically on cognitive styles of business owners. Recent research has begun to examine cognitive styles (Shaver and Scott, 1991; Allinson, Chell and Hayes, 1999) and such research should be continued. It is evident from the work conducted here that cognitive styles are important in the process of opportunity recognition but also have important part to play in a business owner's selection of behavioural strategies.

iv) From the theoretical framework it is concluded that choice and decision-making in entrepreneurial behaviour had been largely overlooked in research conducted to date (Shaver and Scott, 1991). It is recommended that theories of choice drawn from economic psychology could be analysed and adapted, and they represent a productive area for future research (Batstone, 1998).

v) The reinforcement of behaviour (reflexivity), or the processes that enable a business owner to rate the effectiveness of their actions when related to their original intentions, is also deemed to be an important area for future research (Kuratko, Hornsby and Naffziger, 1997; Soros, 1998).

vi) The final conclusion of the theoretical framework is used as the main avenue of study for the field research. It identified that the process of human action is important to the understanding of entrepreneurial behaviour in social constructionism. As such the field research is

guided by a desire to analyse business owner behaviours using the social construction of personality. There is much other contemporary work being conducted on the subject (Chell, Hedberg-Jalonen and Miettinen, 1997; Chell and Pittaway, 1998a; Chell and Rhodes, 1999) and similarities between findings will be drawn in the conclusions to follow. The fieldwork found much evidence to suggest that there are clear typologies of behaviour linked to business owners' underlying motivations and the strategies (of sustained behaviour) they use to develop their businesses (Kotey and Meredith, 1997). Such findings confirm the concept of 'typificatory schema' developed by Berger and Luckmann (1967) and show that improved prototypical categories can be developed for providing more detailed typologies. Further social context plays a part in this relationship, moreover, human action and choice also influence the 'success' business owners enjoy in achieving their business objectives (Bouchikhi, 1993). The conclusions and recommendations drawn from the field research will be explored in more detail in the following section.

The final conclusion forms the major purpose of the field research; to investigate business owner behaviour using the social construction of personality. The theoretical frameworks have clearly contributed to knowledge in entrepreneurship by identifying a number of avenues of further research, some that are relatively new to the subject (such as for example the study of choice and cognition). By providing an integrated theory, however, these avenues of research can be harnessed within a broad philosophical framework and used to lead a research agenda.

14. 2. 3. Observation: Conclusions from the Field Research

The field research has also contributed further to knowledge of 'entrepreneurial' behaviour. Unlike the previous areas, that have made philosophical and theoretical contributions to knowledge, the fieldwork is observational. In this sense it is grounded in the social world as experienced by

business owners. The field research thus forms an important and perpetual link between theory and observation. It has been concluded that both theory and observation are important for any body of knowledge to progress.

The purpose was to examine business owner behaviours using ideas from the social construction of personality. The work has thus built on previous observations (Chell and Haworth, 1985; Chell, Haworth and Brearley, 1991; Chell et al. 1997; Chell 1998; Chell and Pittaway, 1998b; Chell, Allinson and Hayes, 1999). Knowledge construction in this work has, therefore, been undertaken by a comparative analysis of previous observations when compared with observations relevant to a specific industrial context (namely the restaurant industry in Newcastle-upon-Tyne). The conclusions discussed contribute to knowledge in the subject area by explaining observations made in the field when compared to theory.

The following conclusions highlight the key findings of the field research, link these findings to theory and make recommendations for future research. More detailed conclusions can be found in chapters sixteen, seventeen and eighteen along with specific recommendations for research.

i) A number of conclusions are made about the methodology used for this field research. The critical incident technique (CIT) proved to be an effective device for collecting information about business behaviours. It is concluded, however, that when analysing the data the percentage of content coded to the entrepreneurial behavioural profile is a more effective measure than total content. It also proved to be difficult to distinguish between the prototypical categories 'entrepreneur' and 'quasi-entrepreneur'. Other weaknesses of the methodology were also acknowledged including that it was not longitudinal, tended to be retrospective and limited its analysis only to the perceptions of business owners. It is recommended that further research be directed at improvements in methodology. Some contemporary work has begun to consider methodology (Chell, 1998; Chell and Pittaway, 1998a; Chell and Rhodes, 1999) but more is

required both to address the issues highlighted and to provide methodology for the other research subjects identified in the social constructionist research agenda.

ii) There is considerable evidence of the heterogeneity of the business owner population even within the various typologies used in this research. For example, evidence was found of 'portfolio' and 'serial' ownership. This confirms work currently being carried out on these forms of business ownership (Scott and Rosa, 1996; Rosa and Scott, 1997; Carter, 1998a; Carter, 1998b). From this finding it is recommended that future research concentrate on motivations and behaviours. Evidence from the fieldwork has shown that a number of different forms of portfolio ownership exist and that these are linked to the owner's motivations and business behaviours. First, chain ownership that involved the ownership of many business units (in the same industry) that were essentially the same. Secondly, organic ownership that involved the ownership of many business units (in the same industry) which were either in different sectors or involved different business concepts. Thirdly, 'pure' portfolio ownership that involved the ownership of businesses across industries. To some extent this confirms the work that concentrates on 'portfolio' and 'serial' entrepreneurship (Rosa and Scott, 1997) but it also shows the links between motivations, behaviours and business strategies (as reported in Figure 19. 1.). It is recommended that research continue to examine these different forms of ownership in greater detail and specifically in other industries because these conclusions may occur as a result of the industrial context of the research.

iii) In chapter seventeen a relationship was found between the professional categories constructed and business size. From this it was concluded that this occurred primarily because of differences of ownership between restaurants and cafés. It is recommended that if research examines this industry again it makes more specific distinctions between the restaurant and café sectors of the hospitality industry.

iv) A significant statistical relationship was also found between a proactive and positive orientation and business growth. It could not be concluded whether this occurred because of business context or because certain modes of behaviour supported growth. As a consequence it is suggested that further research operationalise the locus of control concept (Rotter, 1991) using the social constructionist framework. Such research could investigate the extent to which business owners' perceptions of the external environment are constructed by their cognitive styles and behavioural orientation.

v) There was much evidence to suggest that behaving in a prototypically 'entrepreneurial' fashion was a dynamic activity. In other words, the research illustrated that an individual who is not prototypically 'entrepreneurial' can become so and that business owners who had started in an 'entrepreneurial' fashion can begin to use other prototypical behaviours. The research illustrated that this is linked to the individual's motivations and choices about behaviour. It is suggested that further research be undertaken that further investigates the reasons for these changes in behaviour. For example, it may be related: to business owners' life cycle (Gibb and Ritchie, 1986); to the different stages of business growth (Carter, Gartner and Reynolds, 1996; Hansen and Bird, 1997); to family/gender considerations (Baines and Wheelock, 1998; Chell and Baines, 1998; Davis and Harveston, 1998).

vi) The data from the prototypical 'entrepreneurs' in this sample provided evidence to suggest that the way a business owner constructs their perception of the trading environment may have an important impact on their behaviour (Chell and Pittaway, 1998b). It is suggested that further research could productively examine this issue and that methodology may need to be constructed to enable such research.

vii) A relationship was found between business behaviours and business growth. Certain behaviours and prototypes were found to have an impact on business growth. For example, a statistically significant

relationship was found between business growth and the use of proactive behaviour. Figure 19. 1. shows the key relationships found in the fieldwork between behaviours and business strategy. From this fieldwork it is, however, evident that the relationship between behaviours and business strategies is complex and further research is required. It is recommended that such research could analyse growth orientation, actual business growth in relation to the further prototypical categories of business owners identified in Figure 19. 1.

viii) Finally a number of interrelated typologies are constructed from business owners' underlying motivations, their reported behaviours in the research and their strategies for the business (or sustained behaviour). These interrelated typologies are preliminary conclusions that draw together all of the field research; benchmark cases, quantitative results and coded narrative data. They are presented in Figure 19. 1. and they can be used to form the basis for future study.

Figure 14. 1.

Interrelated Typology of Business Owner Motivations, Behaviour and Business Strategies

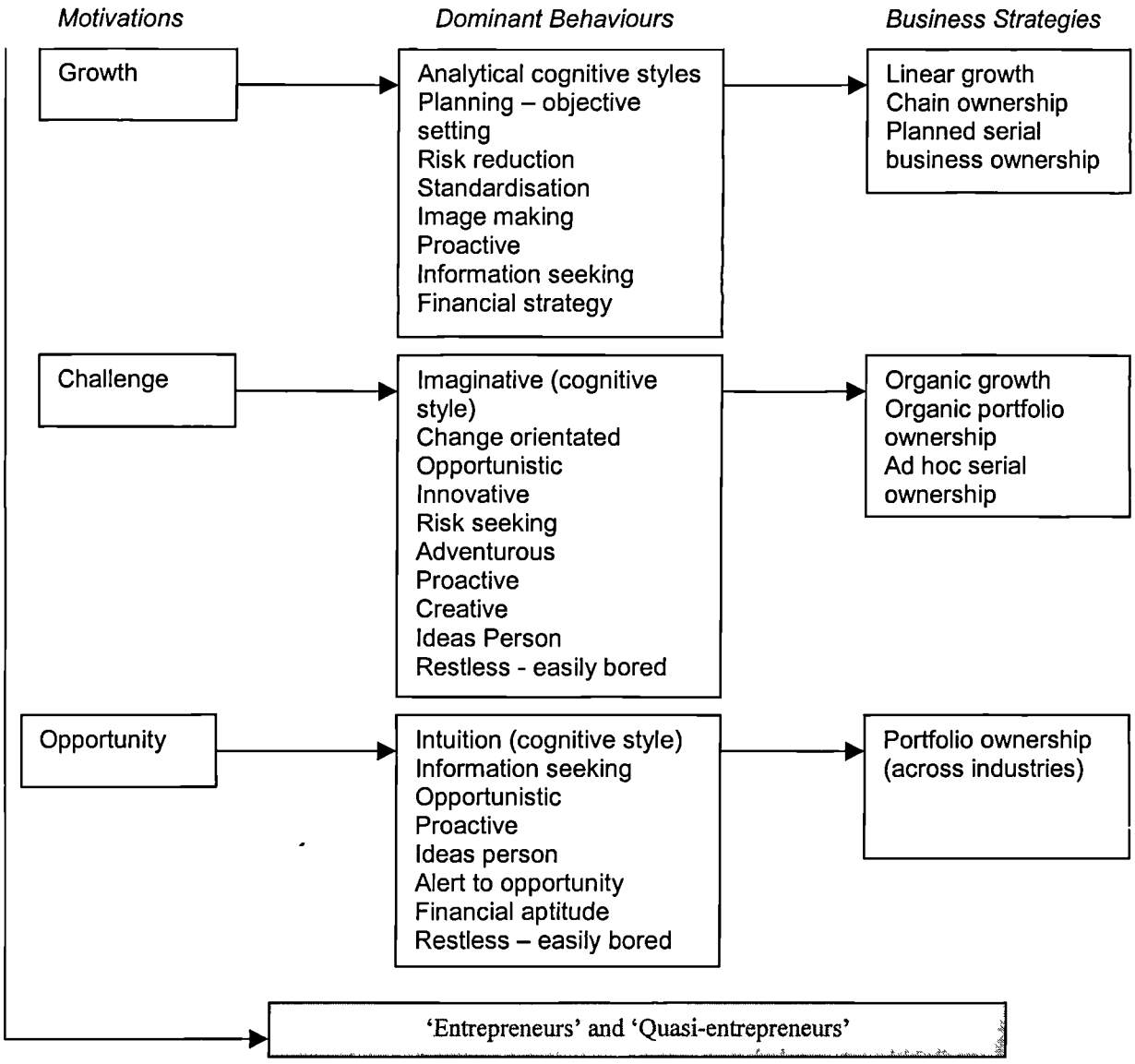
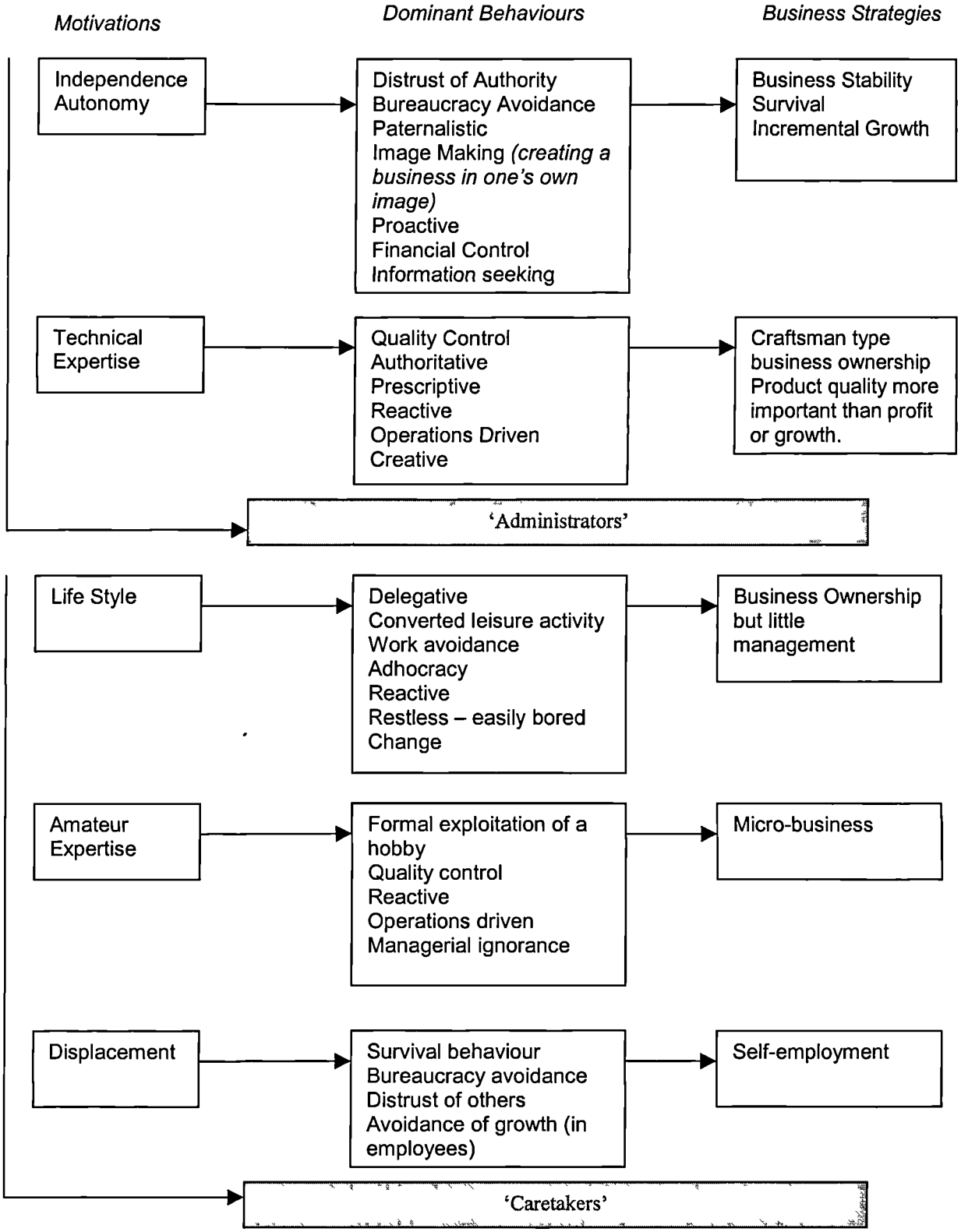


Figure 14. 1. (Continued)

Interrelated Typology of Business Owner Motivations, Behaviour and Business Strategies



Before discussing the typology presented in Figure 19. 1. it should be explained that the typology presented is a descriptive conclusion of the data coded in the narrative analysis. As such, the categories presented are delineated results not deterministic categories. For example, business owners often held more than one underlying motivation and as motivations changed so to did an owner's behavioural profile (Chell et al. 1997). In this sense the typology represents a description of the data analysed in this industrial setting and geographic location (Chell and Pittaway, 1998a). Although generalisability of these categories could be sought in the future the typology currently stands as a preliminary conclusion of the field research. For example, it is evident that the behavioural profile for those business owners motivated to use their own technical expertise (rather than have this determined by others) indicated a link to authoritative behaviour. As most of the business owners tended to be chefs, where such authoritative behaviour is common, the finding may only be typical for the restaurant industry and not typical for business owners exploiting technical expertise in other industries.

The typology may also form a more detailed set of prototypical categories used to delineate business behaviours. As a consequence, therefore, it does not represent categories of individuals but links between certain types of motivation, forms of business behaviour and business strategies. In this sense, most individuals used more than one underlying motivation and changed motivations over the course of their enterprise complicating the links between motivations and behaviour. As such, the prototypical categories are theoretical constructs derived from the data rather than pure descriptions of reality. The purpose is to draw further distinctions between business owners in relation to forms of motivation, behaviour and business strategies. The following paragraphs will briefly conclude the field research findings by explaining this typology.

In the data analysed there were three forms of prototypical behaviours linked to underlying motivations that fitted the original prototypical categories of 'entrepreneur' and 'quasi-entrepreneur' (Chell et al. 1991). Individuals who were primarily motivated to grow their businesses, in this fieldwork, tended to

deliberately restrict risk by introducing systems of management, by standardising the operation and by replicating the business concept. This led to, what has been described here as linear growth, whereby the business owner opens many restaurants (business units) that are essentially the same but in different locations (Pittaway and Chell, 1999). Also represented as a business strategy in this prototype was a form of planned serial ownership that was directed at raising the capital for a particular future enterprise the business owner had in mind. It may be the case that this form of growth is typical to the industrial context of the research (Sasser at al. 1978; Heskett, Sasser and Schlesinger, 1997). The second prototype was individuals essentially motivated to provide a challenge for themselves. This led to behaviours directed at making business ownership challenging, such as, continuous change to the business, risk taking in new and different ventures and innovation and creativity. Such behaviours led to sporadic, organic forms of growth. Often (in this data) business owners who were motivated by challenge tended to concentrate on the same industry but opened many different types of business and many different business concepts. A third prototype were business owners who were motivated to exploit opportunities often directed at a profit as measure of success (there were some business owners who used behaviours typical of both the challenge and opportunistic prototypes). These business owners were particularly adept at being alert to opportunity (Kirzner, 1973; 1980; 1982; 1990) through environmental scanning and information seeking. They tended to buy in expertise when exploiting opportunities and they often became bored by the managerial and operational aspects of a business (Pittaway and Chell, 1999). In the data analysed this prototype often used portfolio and serial ownership across industries (Rosa and Scott, 1997; Carter, 1998). In the research restaurant owners were also owners of food wholesalers, food manufacturers, insurance companies, art importers and wholesalers, racehorses, retail shops, nightclubs and hotels.

In the data there were two categories that fitted the prototypical category administrator. In the first prototype the independence and autonomy they gained from being in business for themselves primarily motivated business

owners. As a consequence of this motivation business owners tended to distrust and/or dislike outside intervention in their enterprises, tended to view the business as an extension of their own personality (often leading to paternalistic behaviour) and deliberately avoided bureaucracy including introducing onerous systems of management into their own business. These behaviours and motivations led to business strategies directed at business stability and survival (occasionally incremental growth). Indeed, business owners using this prototype often avoided business growth where that growth meant loss of independence or control over the business enterprise. The second prototype was motivated by a desire to prove one's technical expertise outside the confines of others expert knowledge. In the data business owners of this type were predominantly chefs. The motivation often led to behaviours that were directed at the quality of the product, creativity (in the product rather than the business concept) and proscriptive behaviour. Such behaviours led to business strategies emphasising quality over profit or growth and can thus be described as craftsman like business owners. These technical motivations were also evident in these business owners' desire to compete in technical competitions.

In the caretaker prototypical category there were three different types. The life style prototype was motivated by a desire to have a certain life style that was directed at personal factors outside the business. This prototype led to a dichotomy in behaviour – if the life style desired had not been achieved business owners in this prototype tended to work excessively - but if the life style had been achieved behaviours were directed at the delegation of many aspects of the enterprise. Planning was typically *ad hoc* and behaviour tended to be reactive. A life style ambition that had been achieved tended to lead to business ownership separated from management. The subsequent business strategy often then depended on the quality of the management to whom the business owner had delegated authority. The second prototype was guided by desire to turn an amateur hobby into a business enterprise. The underlying motivation is thus enjoyment of a particular activity rather than profit or growth. Such a motivation (in the data) often led to a neglect of the managerial aspects of the business, a concentration on the activity and reactive behaviour. A

business owner in this type was primarily motivated to earn an income from an activity they enjoyed and, therefore, the business remains small. The final prototype in the data was displacement and was where a business owner starts an enterprise as a consequence of their employment (or perceived employment) situation (Shapero, 1971; 1975). Such a motivation for starting a business led to behaviours directed at business survival, quite often a desire to keep the business small avoiding bureaucracy and a distrust of others including external organisations and potential employees (Kets de Vries, 1977). As a consequence business owners in this prototype typically remained self-employed.

The typology presented is thus a summation of the data analysed in this research and provides a significant contribution to knowledge on which further research can be based. Although this typology is descriptive it is thought that many of the prototypes may exist in other industry settings and further research can explore the generalisability of the prototypes. There are two key benefits of this work. First, it illustrates some of the linkages between a business owner's motivations for being in business, their business behaviours and the types of business strategies they employ. Secondly, it illustrates further heterogeneity in the business owner population that occurred even when the social and industrial context of the research had been significantly restricted. The following sections of this chapter will highlight some of the limitations of this thesis and will subsequently conclude the thesis.

14. 3. Limitations

The limitations of this research have been highlighted during the process of discussion and thus reported where appropriate in the thesis. For this reason the concluding chapter will not go into great detail regarding the limitations of the work. There are, however, two broad limitations of this work that need to be made clear here. One occurs as a consequence of the conceptual framework used to analyse the meta-theoretical assumptions of the literature while the second occurs as a consequence of the theoretical framework and methodology.

Burrell's and Morgan's framework was used as a heuristic device to review and analyse the literature in entrepreneurship. It proved to be a hugely

useful technique that has enabled this study to explain philosophies underlying the study of entrepreneurship. There are, however, a number of limitations that occur as consequence of using the framework (reported in chapter eleven). The main limitation of note is that the technique used, although restricted by the criteria developed, tended to depend upon the interpretation of the researcher. Although all of the work reviewed was analysed in considerable detail, and in most cases a significant body of a researcher's work was reviewed, it is inevitable that another researcher may have categorised the literature differently. This limitation suggests that the paradigms of study developed will require confirmatory work by other scholars.

It is also the case that the review does depend upon the validity of Burrell's and Morgan's (1979) framework. During the course of study a number weaknesses in the framework were identified (chapter eleven) and it is recognised that should the framework used be invalidated this would also invalidate the paradigms of study created. This was always a possibility, even during the course of study, because any theoretical construct depends upon assumptions and, therefore, is not infallible. It does not, however, reduce the utility of the method for enabling a researcher to explore and discover the underlying philosophies of research that was, of course, the principle reason for using the framework.

The second major weakness of the study is one from which no research can escape and is why all research has limitations. During the course of study it has been made clear that all research must start from fundamental assumptions about phenomena, such as; reality, knowledge and human behaviour. The difficulty with such assumptions, however, is that they are philosophical in nature and thus there are rarely ever 'right' or 'wrong' assumptions. There are only ever assumptions for which a researcher has a greater positive belief. As a consequence, this research is limited by what it has sought to provide. By providing a philosophical structure for this research the study has immediately rejected other alternative philosophies. In doing so it has reject other alternative explanations for the phenomena studied. Clearly this is a limitation because it has led to the theoretical frameworks used (modes of knowledge) and to the

methodology applied. By accepting the precepts of social constructionism this work has accepted relativity in social enquiry and rejected determinism and realism. As such the methodology used has led to the use of qualitative methods building thick grained narrative data. Theory building from such data would not be accepted by all positivist social scientists. Alternatively social constructionism accepts some generalisability between social contexts which has led to the use of statistics and quantitative methods. Some ethnographers who consider the social world to be completely relative would not necessarily accept such work as valid. Many limitations in this work thus derive from its philosophical stance that influences all aspects of the study. The study has sought at all points during the thesis to recognise these limitations by making its mode of knowledge construction explicit.

14. 4. Summary

The conclusions and recommendations for research presented in this chapter show that this thesis has contributed in three important areas of research endeavour; meta-theory, theory and observation. In meta-theory it has contributed to a better understanding of the philosophies underlying the study of the subject. In theory it has contributed to the construction of a social constructionist paradigm enabling an integrated theory on which a research agenda can be based. In observation it has contributed by providing a better understanding of business behaviours and their link to business owners' motivations and business strategies.

The ideas presented are not idle theories without recourse to reality or unsophisticated observations without being grounded in theory. They are firm foundations on which to build a multidisciplinary paradigm of research integrating ideas from economics, sociology and psychology. The thesis has achieved this because it has comprehensively integrated theory and observation. This has been achieved because this work has studiously ignored artificial boundaries between disciplines and because it has been explicit about its philosophical orientation. For these reasons the thesis has been entitled 'the social construction of entrepreneurial behaviour' because it has endeavoured to

build on and improve the foundations of social constructionism. It is this philosophical orientation that makes this work more than a mere piece of field research. It is this orientation and approach that makes the study a useful contribution to knowledge.

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APPENDICES

Appendix 1 and Appendix 2: Assessment tool used to facilitate an analysis of the philosophical assumptions in the literature review

A Paradigm Questionnaire

Authors_____ Initial of first author_____

Title_____

_____

Reference_____

_____

Publisher_____Year_____Page No_____

Key Words_____ _____

_____

Subject Area_____ ISBN_____

DSC_____

OS Dimension

Core Ontological Assumptions	1	2	3	4	5	6
Assumptions about Human Nature	1	2	3	4	5	6
Basic Epistemological Stance	1	2	3	4	5	6
Favoured Metaphors	1	2	3	4	5	6
Research Methods	1	2	3	4	5	6
Dimension Total						

RRC Dimension

Assumptions about the Structure of Society	1	2	3	4	5	6
Assumptions about Integration in Society	1	2	3	4	5	6
Assumptions Concerning the Degree of Conflict in Society	1	2	3	4	5	6
Favoured Metaphors	1	2	3	4	5	6
Research Methods	1	2	3	4	5	6
Dimension Total						

Questionnaire Template

Core Ontological Assumptions	reality as a projection of human imagination	reality as a social construction	reality as a realm of symbolic discourse	reality as a contextual field of information	reality as a concrete process	reality as a concrete structure
Assumptions About Human Nature	man as pure spirit, consciousness, being	man as a social constructor; the symbol creator	man as an actor; the symbol user	man as an information processor	man as an adapter	man as a responder
Basic Epistemological Stance	to obtain phenomenological insight, revelation	to understand how social reality is constructed	to understand patterns of symbolic discourse	to map contexts	to study systems, process, change	to construct a positivist science
Some Favoured Metaphors	transcendental	language game, accomplishment , text	theatre, culture	cybernetic	organism	machine
Research Methods	exploration of pure subjectivity	hermeneutics	symbolic analysis	contextual analysis of Gestalten	historical analysis	lab experiments, surveys

Assumptions about Change in Society	Every society is at every point subject to processes of radical change	Every society experiences periods of revolution and periods of stability	Every society and every element in society is subject to incremental and continuos change	Every society and every element in society facilitates changes to the existing order.	Every society and every element in society responds to changes imposed upon it	Every society and every element in society is relatively stable and change occurs infrequently
Assumptions about the Structure of Society	Every element in society renders a contribution to internal disintegration	Every element in society displays contradiction and paradox	Every element in society is in a constant state of structural flux	Every element in society displays surface flux which obscures general structural principles	Every element in society is part of a organic system	Every society is a well integrated structure of elements and each element has a function
Assumptions Concerning the Degree of Conflict in Society	Every society at every point displays dissensus and conflict	Every society is based on the coercion of some of its members by others.	Every group in society protect their own interests and are in open conflict with other groups in society.	Every element of society is determined by power relationships between individuals and groups.	Every functioning social structure is based on negotiation between the demands of its stakeholders.	Every functioning social structure is based on a consensus of values among its members.
Some Favoured Metaphors	Society as a collection of anachies 'Chaos'	Transformation Revolution	Societies and groups in society as tribes Factional	Morphogenic Structural elaboration	Organismic Homeastasis	Equilibrium Maintenance Order
Research Approach	The analysis of anarchism and anarchist ethics	Critical analysis of the status quo and the replacement of it with another social ideology	Critical analysis of the status quo	Analysis of functional autonomy. (Conflict between sections of society)	Analysis of the latent functions of social conflict	Analysis of casual variables

Appendix 3: Criteria of Ontological Assumptions

Category	Assumption
Nominalism	Reality is believed to be a projection of human imagination that is different between different individuals. This is a pure nominalist position and is some times referred to as Solipsism. It asserts that there may be nothing outside an individual, a person's mind is a person's world.
Social Construct-ionism	Reality is seen to exist as a social construction that is subjectively interpreted by individuals. This position views the social world as a continuous process, it is recreated by each encounter of everyday life. Individuals establish a realm of meaningful definition that they construct through the use of language, actions and routines. Symbolic meanings such as language may result in the development of shared and multiple realities. This position views reality as a collective consciousness that is confined to moments when reality is actively constructed and maintained.
Symbolic Interaction-ism	Reality is viewed as a realm of symbolic discourse that is developed through communication (Mead, 1938; Blumer, 1962). *"The social world is a pattern of symbolic relationships and meanings sustained through a process of human action and interaction"* (Morgan and Smircich 1980, p. 494). In this view a degree of perpetuity of rule like activities exist but will always be open to change through the interpretations and actions of individuals, as a result reality will rest on a system of meaning and action.
Contextual-ism	It is suggested that reality is contextual fields of information that can be gathered and manipulated. *"The social world is a field of ever-changing form and activity based on the transmission of information"* (Morgan and Smircich 1980, p. 495). Information exchange is the main criterion for reality, some forms of exchange are more stable than others and the adjustment and re-adjustment of patterns of exchange are capable of changing reality in fundamental ways. In this sense reality is relative rather than fixed and real.
Process	Reality is perceived to be a concrete process, an existing system of meaning that is moulded and re-moulded by its participants. *"The social world is an evolving process, concrete in nature, but ever-changing in detailed form"* (Morgan and Smircich, 1980, pg 495). Interaction occurs everywhere, the world is fluid and can be the realm of opportunity if relationships are moulded and exploited. The world is in part what we make of it, a struggle between various influences, each attempting to move toward the achievement of desired ends.
Realism	Reality is hypothesised to be a concrete structure that is tangible and measurable. *"The social world is hard, concrete, a real thing which affects everyone in one way or other"* (Morgan and Smircich, 1980, p. 495). It is often considered to be a structure that is tangible and has many inter-related determinate relationships. Reality is an objective phenomenon and is, therefore by definition, what is external and real.

Constructed from *Morgan and Smircich, 1980, p. 495.*

Appendix 4: Criteria of Epistemological Assumptions

Category	Assumption
Anti-Positivism	Knowledge is obtained by phenomenological insight and revelation. This suggests that knowledge is received through some miraculous event, is 'god given' or some other spiritual actuality. In this sense we are born with or are blessed with certain abilities and this knowledge cannot really be communicated.
Social Cognition	Knowledge is obtained by understanding how social reality is constructed. This perspective suggests that knowledge is developed by understanding the way we as individuals construct our own realities and how realities that are shared are interpreted in different ways by different people. It is expected that the communication of knowledge is interpreted subjectively, in this sense a word or concept has a purely interpretive emphasis and meaning is ascribed by individuals.
Symbolic Discourse	Knowledge is obtained by understanding the patterns of symbolic discourse. This perspective suggests that knowledge is developed by understanding the way meaning is ascribed to words and concepts by cultural affirmation. Although reality is fluid and meanings will change over time the communication of knowledge is a fundamental part of the inter-action of people who will draw symbolic meaning from actions, labels and words.
Information Exchange	Knowledge is obtained by mapping the contexts of information. This view suggests that knowledge is concerned with information about the environment or the contextual exchange of information. The more well developed a field of information is the better human knowledge is and the more we are able to control a particular element of the environment. Knowledge is concerned with the communication of this information to ensure our control over it.
Systems	Knowledge is obtained by studying the systems, processes and changes, in and of our surroundings. In this perspective knowledge is concerned to identify the patterns of relationships which exist between ourselves, others and the systems we construct around us. The principle purpose of knowledge is to help improve these existing systems and to help us adapt to satisfy our needs within the existing relationships.
Positivism	Knowledge is obtained by constructing a positivist science that empirically tests the laws and relationships of the social structure. This view of knowledge is concerned to identify the structural and tangible elements of our social lives and to freeze into immobility those relationships in an attempt to test them objectively. This view of knowledge ignores anomalies that may be insignificant to the general laws, which can explain what we know. The communication of knowledge is often empirical and centres on the relationship between specific variables.

Constructed from *Morgan and Smircich, 1980, p. 495.*

Appendix 5: Criteria of Assumptions about Human Behaviour

Category	Assumption
Transcend-entalism	Humans are viewed as transcendental beings that intentionally create their own world. In this perspective humans are viewed as *"intentional beings, directing their psychic energy and experience in ways that constitute the world of a meaningful, intentional form"* (Morgan and Smircich, 1980, p. 494). In this perspective the realms of being and reality are separate and structured through different kinds of acts.
Voluntarism	Humans are thought to create their own realities that help them understand and interpret the world around them. In this perspective humans create all realities at the most basic level in order to make their world understandable to themselves and to others. It is an individual's own creative activity that brings situations into being and it is an individual's actions which make those situations real to those around them. *"Individuals may work together to create shared reality, but that reality is still a subjective construction capable of disappearing the moment its members cease to sustain it as such"* (Morgan and Smircich 1980, p. 494).
Social Actionism	Humans are regarded as social actors because they act out their prescribed roles in their environment and adapt and re-interpret those roles. In this view of human nature the emphasis is concerned with the interpretation of actions and surroundings in a culturally specific way. Humans use languages, symbols, and labels as a method to enact reality. *"Humans are actors with the capacity to interpret, modify and sometimes create the scripts that they play upon life's stage"* (Morgan and Smircich 1980, p. 494).
Information Processors	Humans are believed to be information processors collecting information from their environment, understanding their surroundings and using information to change it. In this perspective of human nature, humans are viewed as constantly in exchange with their surroundings, they receive, interpret and act on the information they receive. A new pattern of information often revolutionises the exchange of information and changes an individual's perception of reality.
Adaption	Humans are perceived to be adaptive agents continually observing and adapting their surroundings. *"Human beings exist in an interactive relationship with their world. They influence and are influenced by their context or environment."* (Morgan and Smircich, 1980, p. 495). Essentially this relationship is viewed as a competitive relationship, with the individual trying to interpret and change their milieu to exploit it and improve their own relative position and survive.
Determin-ism	Humans are deemed to be responding mechanisms that respond to their surroundings. *"Human beings are a product of the external forces in the environment to which they are exposed. Stimuli in their environment condition them to behave and respond to events in predictable and determinate ways"* (Morgan and Smircich, 1980, pg 495). Variable relationships exist in all aspects of human behaviour, although human perception may influence this to a degree, people will always respond to situations in some lawful way.

Constructed from *Morgan and Smircich, 1980, p. 495.*

Appendix 6: Criteria of Assumptions about Methodology

Method	Description
Ideographic Methods	The exploration of pure subjectivity through phenomenological insight involves the notion that we should not take for granted the world around us, we should question everything that appears to us. It asks us to question all received notions about our culture, our way of looking at and being in the world. It asks us to find out how things appear to us as individuals, rather than through the veil of our culture and to question it.
Textual Interpretation	The methodology of textual interpretation (Rickman, 1976) centres on the interpretation of the written records of human existence. It is concerned with penetrating the observable facts of human history that are not accessible to the senses. The method involves the interpretation of concepts and words that are designed to help understand human interaction.
Symbolic Interpretation	Symbolic analysis as a method is related to hermeneutics in that it is concerned with the meanings of symbols, language and concepts in society. The methods employed in this analysis are varied, including observation, participant observation and role analysis, the principle purpose is to identify the symbols and concepts humans create to communicate with one another.
Holistic Methods	The contextual analysis of Gestalten as a methodology derives from Gestalt theory that confronts the problem of an extended event or occurrence, that can not be described as a number of smaller events, for example, a political revolution. Gestalt psychology occurred as a reaction to atomistic psychology (Petermann 1932; Katz, 1951) and suggested that many of the problems facing psychology were addressed much more adroitly by a holistic analysis. This suggested that approaches that broke down a problem into minute indivisible elements, which had succeeded in the natural sciences, were inappropriate in the human sciences.
Organic Methods	Research methods in this philosophical position vary considerably, the main emphasis is to identify processes and systems. One of the main methods is historical analysis, to record and interpret events in case study format, to identify processes relevant to the target of the investigation and to ensure a degree of depth over a period of time. Another type of method is systems analysis, a method designed to identify the important variables, processes and systems which exist in an organisation.
Nomothetic Methods	Methodology in this area concentrates on isolating specific variables and factors so that they can be constructed into hypotheses and tested for their relationship to other variables. As a result the main methods include laboratory experiments and empirical surveys that seek to test specific hypotheses and draw a specific conclusion concerning the relationship between two variables. This type of methodology is often called empiricism or positivism and owes its fundamental assumptions to the natural sciences.

Constructed from *Morgan and Smircich, 1980, p. 495.*

Appendix 7: Criteria of Assumptions about Change in and to Society

Category	Assumption
Radical Change	Every society is at every point subject to processes of radical change. This philosophical view of change in society views change as constant and far-reaching. Society and every element in society continuously develops and alters in fundamental ways.
Revolution-ary Change	Every society experiences periods of revolution and periods of stability. Clearly, this position suggests that society reaches a point at which the existing structures are no longer sufficient to the majority or even to a minority of people. As a result society undergoes revolutionary transformation from which another set of social structures emerge.
Incremental and continuous change	Every society and every element in society is subject to incremental and continuous change. This philosophical position speculates that all societies change slowly and adapt structures to situations in an incremental fashion. In this sense change is barely visible but occurs continuously.
Incremental but sporadic change	Every society and every element in society facilitates changes to the existing social order. This point of view proposes that society has an existing order that is changed when groups in society pressure society into changing.
Organic change	Every society and every element in society responds to changes imposed upon it. This view is similar in style to the previous position but is different because it views change as externally dominated. Changes in a society's environment forces it to change and alter.
Little or no change	Every society and every element in society is relatively stable and change occurs infrequently. This stance suggests that society has a particular order, which has been achieved through the consensus of those involved. Change is unlikely to occur in the fundamental nature of society because it is an anomaly that occurs by chance.

Appendix 8: Criteria of Assumptions about the Structure of Society

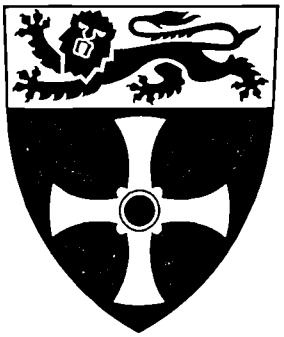
Category	Assumption
Total Disintegration	Every element and individual in society renders a contribution to internal disintegration. From this standpoint all the structures of society and individuals in society are constantly in internal and external conflict. This conflict between and in the structures of society contribute to its over all disintegration in the long term.
Contradiction and paradox	Every element in society displays contradiction and paradox. This philosophical stance suggests that in every structural element of society a considerable degree of incongruity and inconsistency exists between the practices, functions and objectives of that element. Although this conflict of understanding and purpose does not contribute to society's disintegration it is paradoxical and reduces the effectiveness of society as a whole.
Structural flux	Every element in society is in a constant state of structural flux. In this position the structural elements of society are in constant but gradual mutation moving with the tides of human belief. This philosophical view suggests that society's structures do change as our collective beliefs change and are reformulated or are re-interpreted by the majority in society.
Surface flux	Every element in society displays surface flux that obscures general structural principles. In this point of view each element in society appears to have a degree of mutation and change but this hides actual structural principles. Although the internal structures of various elements of society will change the general principles underlying and explaining these structures will always remain.
Organic growth	Every element in society is part of an organic system. This philosophical position suggests that society and elements of society are akin to human organisms, they have an outward structure that is supported by internal organs and change gradually through a gestation cycle. This view draws its emphasis from open systems theory and suggests that each element of society exists as its own system but communicates with other systems by inputting, processing and outputting information from its environment.
Integrated structure	Every society is a well-integrated structure of elements and each element has a function. This stance advocates that society is constructed for a particular purpose and that each element in society renders a contribution to the overall functioning of society.

Appendix 9: Criteria of Assumptions about Conflict in Society

Category	Assumption
Conflict	Every society at every point displays dissensus and conflict. This stance implies that disagreement is inherent in and between all groups and individuals in society and that each group or individual experiences political forces. Groups are characterised in many different ways, they include formation by class, occupation, gender, race, culture and age. Every individual is perceived to be a member of many different groups and always in conflict with others.
Coercion	Every society is based on the coercion of some of its members by others. This viewpoint is less complex than the previous position because it views conflict in society as a divergent phenomenon, this means conflict is viewed as a 'them' and 'us' proposition. It suggests that society is constructed around one group exploiting the labour of another to reap the majority of the benefits. This perspective also suggests that this is coerced or institutionalised into the process of government.
Group consensus but conflict between groups	Every group in society protect their own interests and are in open conflict with other groups in society. This philosophical stand propounds the view that there are groups in society that have concurring interests, that there is consensus amongst the people in the group but that in order to protect their own interests they come into direct conflict with other groups who have opposite interests.
Power arrange-ments	Every element in society is determined by power relationships between individuals and groups. This point of view is very similar to the previous position in emphasis, groups in society are perceived to operate in consensus but have conflicting interests with other groups. However, it is different in how it views the process of conflict between groups, rather than conflict being open and sometimes violent conflict is resolved as a result of power relationships between groups.
Negotiated Differences	Every 'functioning,' 'stable,' social structure is based on negotiation between the demands of its stakeholders. This philosophical opinion advocates that society and groups in society have different demands and interests that they negotiate for. This is similar to the previous view as it suggests that conflict is institutionalised into a process of negotiation that is designed to reconcile the interests of all involved. It is different in that it accepts an underlying consensus in the mechanisms, procedures, objectives and foundations of the overall structure and, therefore, views society as a stable structure.
Consensus	Every 'functioning' social structure is based on a consensus of values among its members. This stance suggests that little conflict and disagreement occurs in society and that the vast majority of people subscribe to the values of the society they live in.

Appendix 10: Report on the population of restaurant businesses in Newcastle upon Tyne (1997).

UNIVERSITY OF
NEWCASTLE



The Restaurant Industry in Newcastle upon Tyne

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Executive Summary

- Three major areas of restaurant distribution have been highlighted and are located around Stowell Street, Bigg Market and the Quayside.
- A vast proportion of the restaurant and cafés are located in the city centre. It was also recognised that the distribution of restaurants outside the city centre was very low when compared with other urban areas and it was suggested that the ease of access (mainly via the Metro) to the city centre was the most likely reason for this.
- By analysing the cuisine type of restaurants we were able to show that the major cuisine types Italian and Chinese have reached a high degree of concentration in the city centre and that this has led to price competition. There also appears to be scope for growth in alternative restaurant concepts.
- From the analysis of service style it was concluded that table service is by far the most prominent style of service and that there appeared to be a market opportunity for restaurants using buffet service.
- The analysis of ownership profile shows that few restaurant and café owners use limited company status. It is suggested that there are a number of reasons for this, such as; the desire for independence, the perceived need for extra bureaucracy and the demands of finance. However, this factor adds to the individual risk of becoming a restaurant or café owner.
- Independent restaurants and cafés employed around 2,050 people in the Newcastle City Council area. On average each restaurant and café employs ten full time or full time equivalent employees.
- The investigation into business longevity concluded that within two years of start-up 30% of businesses in the restaurant and café industry in Newcastle close.
- In conclusion it is suggested that the risks of owning a restaurant or café business are relatively high. Many restaurateurs and café owners take on the direct risk of owning a business as a result of their non-limited status and the odds of long term survival are 1 in 4. Combining these two factors makes the financial risk to the individual considerable.

Introduction

This report records the profile and distribution of the restaurant and café industry in Newcastle City Council area as of the 1st of September 1996. The research which has been undertaken was limited to restaurants and cafés owned by small businesses and as such does not include data for publicly owned companies, take-away outlets or the retail pub industry. Initial information was provided by the Environmental Health Department of Newcastle City Council. Further data was compiled from telephone interviews with restaurant owners between September and November 1996.

Restaurant & Café Distribution in Newcastle City Centre

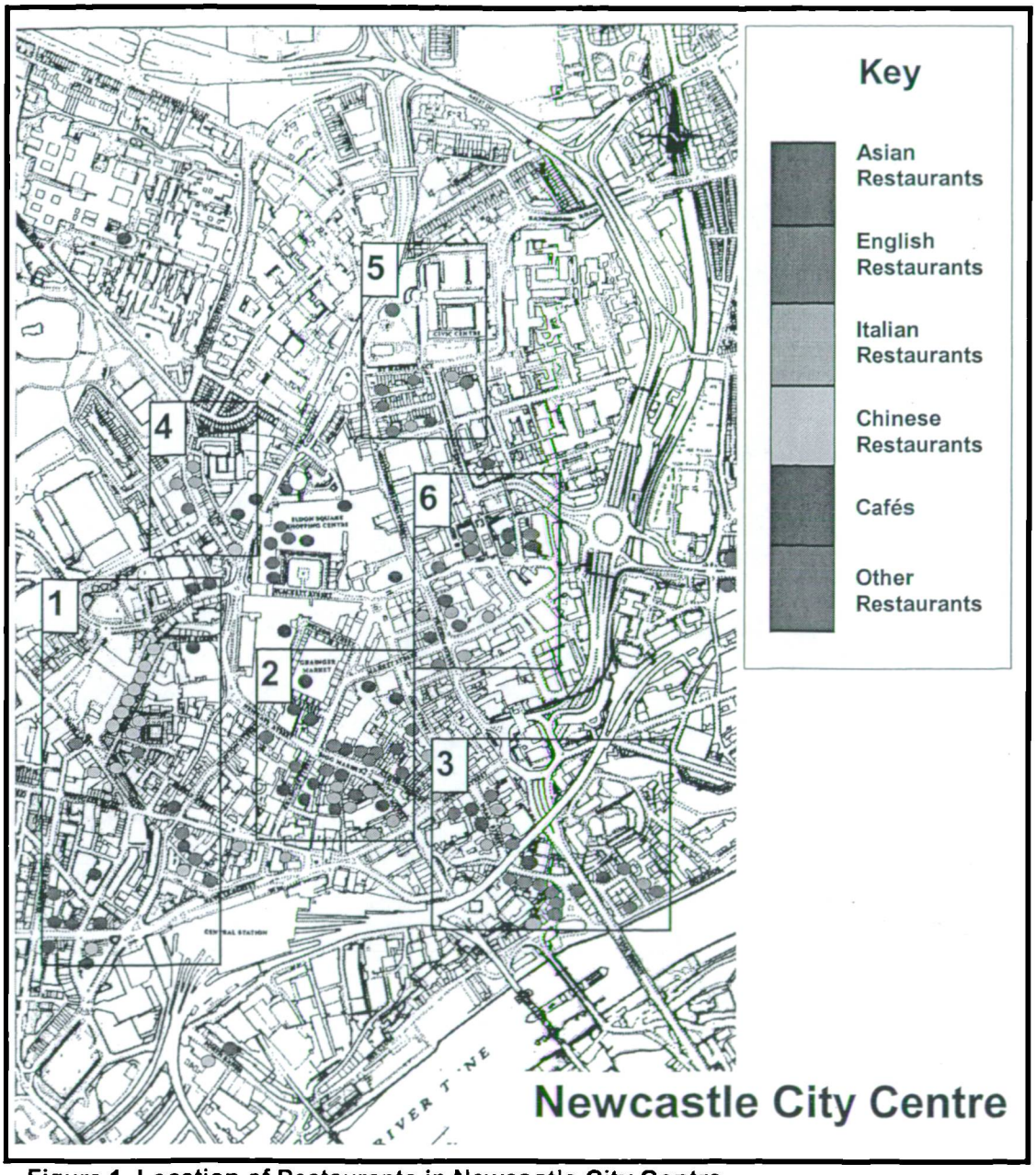


Figure 1. Location of Restaurants in Newcastle City Centre.

There are three major and three minor areas of restaurant distribution in the city.

1. Predominantly Chinese restaurants around Stowell Street.
2. Bigg Market, Groat Market and Cloth Market including Pudding Chare which has a large number of Italian restaurants as well as Greek, Indian and English Restaurants.
3. The Quayside including Side, Dean Street and Sandhill which has a large variety of different restaurants including Malaysian, Mexican, Italian and Modern English.
4. Leazes Park Road, which has predominantly Italian restaurants.
5. St. Mary's Place and Northumberland Road, which have predominantly English restaurants and cafés.
6. Pilgrim Street, Market Street and Grey Street which have predominantly Italian Restaurants and Cafés.

Of the 138 restaurants in the Newcastle City Council area 70% (96) are located within the Newcastle city centre.
Of the 70 cafés in the Newcastle City Council area 54% (38) are located within Newcastle city centre.

Table 1 shows the number of restaurants and cafés by area which are located outside of the city centre.

Restaurant distribution in the Newcastle City Council area demonstrates a very high concentration on the city centre as well as Jesmond and Gosforth. This suggests an unusually low distribution of restaurants outside the city when compared with most urban areas.

The most probable reasons for such a low number of restaurants in the outlying areas is the ease of access to the city and the quality of choice available. Although there is considerable competition the large number of restaurants in the City Centre provide a high degree of customer choice.

Table. 1. Restaurants & Cafés Located Outside of the City Centre Number

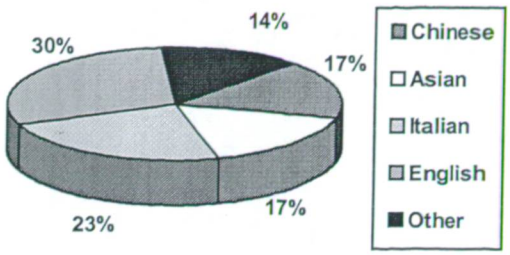
Area	Number
Benwell	9
Byker	5
Denton	5
Elswick	4
Fenham	3
Gosforth	17
Heaton	5
Jesmond	13
Kenton	0
Leamington	1
Newburn & Thorchley.	1
Newcastle Airport	2
Scotswood	0
Walker	4
Woolsington	1
Total	70

Cuisine Type

Figure. 2 demonstrates the distribution of restaurants in the Newcastle region by cuisine type. It is evident from this pie chart that *English* and *Italian* restaurants constitute the largest two groups accounting for 53% (73) of all restaurants. The *Asian* category applies to Indian, Bangladeshi and Pakistani restaurants (23). The *Other* category includes many different types of restaurants notably Greek, Tai, Malaysian, Mexican, Tex Mex, French, Mongolian and Vegetarian (19).

These data indicate that the major cuisine types have reached a higher degree of concentration in the city centre and are competing fiercely on price. Although this is true for the established cuisine types there appears to be considerable growth in alternative restaurant concepts.

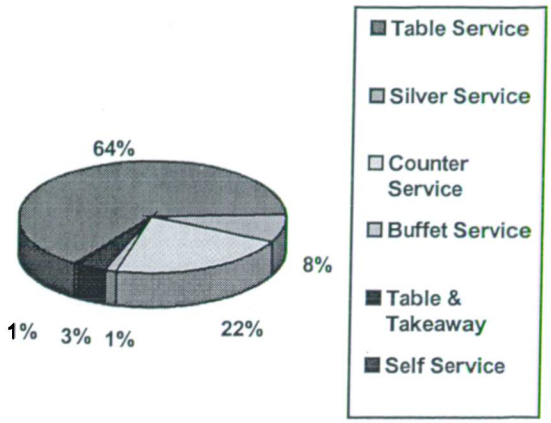
Figure. 2. Cuisine Type in Newcastle Restaurants



Service Style

The data collected on the service style of restaurants in Newcastle City Council area indicates that table service is by far the most common style of service for most restaurants and cafés. It appears that silver service is becoming increasingly less important as a style of service in Newcastle restaurants and only twelve restaurants currently use this type of service. According to these data an unusually low proportion of Newcastle's restaurants and cafés use buffet service as a style of service indicating a potential gap in the local market.

Figure 3. Service Style in Newcastle restaurants..



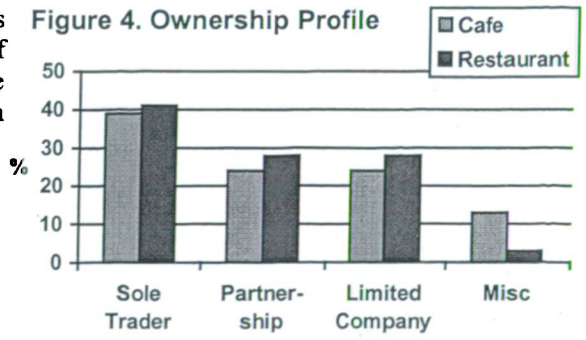
N.B. Data for 147 restaurants who responded to the telephone interview.

When these data are applied separately to cafés and restaurants it is clear that the vast majority of restaurants use table service (72%) while silver service is second in importance (12%) followed by counter service (10%). In cafés the service style is evenly split between counter service (46%) and table service (47%).

Ownership Profile

The ownership profile of Newcastle restaurants and cafés indicates that a large proportion of them have no formal company status. In the case of restaurants 72% have no formal status and in the case of cafés 76% have no formal status.

Figure 4. Ownership Profile



The possible reasons for the low incidence of limited companies compared with other industries may include; a desire for independence by restaurateurs, the perceived need of extra bureaucracy and the demands of finance. These data do indicate, however, that owners of restaurants and cafés as a whole in Newcastle take the risks of business upon themselves (as individuals). Such a conclusion would

indicate that the effects of bankruptcy in this industry are substantial often directly drawing on the personal wealth and collateral of the individual or individuals concerned.

Employment

The data collected from the 146 restaurants and cafés who responded to the telephone interview highlighted that in total they employed 1,394 people in full time or full time equivalent positions. These data indicate that an average small restaurant or café employs ten people (full time or full time equivalent) which suggests that the total employment in Newcastle City Council area from small restaurants and cafés excluding public limited companies and takeaways is about 2,050 people.

Table 2. highlights the employment structure of Newcastle restaurants and cafés by cuisine type. The percentage of restaurants in each cuisine type is located alongside the percentage of people that each type employs. From this analysis it can be seen that English, Italian and Chinese restaurants contribute more to employment creation than do Asian restaurants or Cafés. Clearly cafés are generally smaller and are often owner operated employing fewer staff.

Table. 2. Employment Structure in Newcastle Restaurants and Cafés by Cuisine Type.

Cuisine Type	Total	Employ %	Cuisine %	Var. %
English	513	25%	20%	+5%
Asian	164	8%	11%	-3%
Italian	410	20%	16%	+4%
Chinese	390	19%	11%	+8%
Cafés	390	19%	32%	-13%
Other	185	9%	10%	-1%
Total	**2052**	**100%**	**100%**	**0%**

It is not exactly clear why Asian restaurants should employ fewer people on average than other types of restaurant concept although the data could suggest that they may be less labour intensive than most restaurants.

Table 3 shows the employment structure of Newcastle restaurants and cafés by ownership type. These data demonstrate, as one would expect, that sole traders while having 40% of the businesses only employ 22% of the labour. A larger proportion of the labour employed in restaurants is engaged in partnerships and limited companies. This occurs because a large number of smaller outlets are run by a single owner employing a small number of part-time staff.

Table. 3. Employment Structure in Newcastle Restaurants and Cafés by Ownership Type.

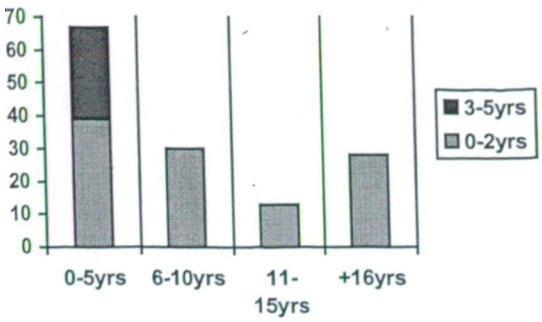
Ownership Type	Total	Employ %	Owner %	Var. %
Sole Trader	451	22%	40%	-18%
Partnership	800	39%	27%	+12%
Limited Company	697	34%	27%	+7%
Misc.	104	5%	6%	-1%
Total	**2052**	**100%**	**100%**	**0%**

The data point towards two major categories of restaurants and cafés. Firstly, smaller outlets which are sole traders essentially working on their own and employing limited part-time staff, these are often more likely to be cafés. Secondly, medium sized restaurants and cafés employing between 10 and 50 people, which are usually either partnerships or limited companies.

Business Longevity

The proportion of established restaurants falls significantly with age as indicated in figure 5. This distribution may be for two reasons; Firstly, it may suggest that more restaurants have begun to open in the Newcastle area over the last ten years in response to consumer demand and support from the City Council.

Figure 5. Age of Restaurant and Café Businesses in Newcastle



Secondly, the data may indicate a significant decline in the number of businesses operating as a result of closure or bankruptcy. It is most likely that both of these factors have contributed to these data although from the data it is not possible to say to what degree each has had an influence. From other research, currently being conducted, it is evident that the critical period for most restaurant and café businesses are the first two years of operation and that 30% of new businesses are sold or go bankrupt within the first two years.

Appendix 11: Questionnaire used to facilitate telephone interviews with business owners in the research population.

Transcript for Field Research - Telephone Introduction and Sample Selection.

(Good Morning, Afternoon etc.) may I speak to the owner or manager of the restaurant?

(Good Morning, Afternoon etc.) my name is Luke Pittaway I'm a researcher from the Management Department of the University of Newcastle. Is it a convenient time to ask you a few questions.
(The telephone interview will only take five minutes)

If No;
May I call you back at a time that is convenient for you? Time:

If Yes;

1. May I ask your name? Gender: Name:

Hello (name) the questions I'd like to ask you are for information about your business. What I'm doing is research into the behaviour of people with entrepreneurial flair in the restaurant industry and these questions are designed to help me construct a sample for further research.

2. Are you the owner or the manager of the restaurant? ☐

If relevant; 3. Who owns the restaurant? Name:

4. What is the ownership type of the restaurant; for example, is it, a sole trader, a partnership, a limited company or something else? (A co-operative, license) Type:

5. Please could you tell me who the other (partners/ board members) are?

Names:

6. How would you describe your cuisine; for example, is it, English, French, Italian, Indian, American, Mex Tex or something else? (Not always relevant, this information may be available).

Food Type:

7. How would you describe your type of service; for example, is it, fast food, silver service, table service, buffet service, a carvery or something else?

Service Style:

8. Do you own any other businesses? ☐

If No Question 13

If Yes; 9. Are these also restaurants? ☐

If Yes; 10. What (is/are) the name(s) of the restaurant(s)? or What type of businesses are they?

Names:

11. (Do they / does it) have the same type of cuisine and service as this restaurant? ☐

If No; 12. How would you describe (it / their) cuisine and service style?

Service Style:
Cuisine Type:

13. When did you found the business?

Date:

14. Have you made any major changes in the intervening years?

Changes:

15.Have you introduced any new technology since you opened this restaurant?

Technology:

16. Have you radically altered the style of the restaurant or the cuisine type since you founded the business?

Changes:

18. How many full-time and part-time employees do you employ?

Employees:

19. How many temporary and casual employees do you employ at the moment?

Employees:

20. (Could I confirm / could you give me) your postal address?

Address:

Thank you for your help with these questions.

Appendix 12: Raw data describing the businesses in the sample frame by CITs reported, business data and demographic data.

Types of CITs chosen by business owner category

Business Owner	positive Sum	negative Sum	proactiv Sum	reactive Sum
.00	2.00	7.00	3.00	6.00
Entre	8.00	3.00	10.00	1.00
Quasi	20.00	5.00	21.00	5.00
Admin	17.00	25.00	15.00	27.00
Care	16.00	27.00	16.00	27.00

Types of CITs chosen by professional category

Professional Category	positive Sum	negative Sum	proactiv Sum	reactive Sum
Pro	18.00	15.00	22.00	12.00
Amapro	13.00	20.00	13.00	20.00
Oper	25.00	17.00	24.00	18.00
Amateur	7.00	15.00	6.00	16.00

Number of Businesses by Size (employment) 1997.

Employment by Category

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 - 5	12	28.6	28.6	28.6
	6 - 25	25	59.5	59.5	88.1
	26 - 50	5	11.9	11.9	100.0
	Total	42	100.0	100.0	

Number of Businesses by Size (number of covers) 1997.

Covers Recoded

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 - 20	1	2.4	2.4	2.4
	21 - 40	10	23.8	23.8	26.2
	41 - 60	13	31.0	31.0	57.1
	61 - 80	8	19.0	19.0	76.2
	81 - 100	2	4.8	4.8	81.0
	100+	8	19.0	19.0	100.0
	Total	42	100.0	100.0	

Number of Businesses by Size (number of restaurants) 1997.

Number of Restaurants

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 Unit	33	78.6	78.6	78.6
	2 Unit	5	11.9	11.9	90.5
	3 Unit	3	7.1	7.1	97.6
	5 Unit	1	2.4	2.4	100.0
	Total	42	100.0	100.0	

Number of Businesses by Size (restaurant turnover) 1997

Turnover (1000s)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 - 50	4	9.5	9.5	9.5
	50 - 100	5	11.9	11.9	21.4
	100 - 150	4	9.5	9.5	31.0
	150 - 200	11	26.2	26.2	57.1
	200 - 300	3	7.1	7.1	64.3
	300 - 500	8	19.0	19.0	83.3
	500+	7	16.7	16.7	100.0
	Total	42	100.0	100.0	

Number of Business Owners by Prototypical Category

Business Owner

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	3	7.1	7.1	7.1
	Entre	3	7.1	7.1	14.3
	Quasi	8	19.0	19.0	33.3
	Admin	14	33.3	33.3	66.7
	Care	14	33.3	33.3	100.0
	Total	42	100.0	100.0	

Number of Business Owners by Professional Category

Professional Category

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Pro	10	23.8	23.8	23.8
	Amapro	11	26.2	26.2	50.0
	Oper	14	33.3	33.3	83.3
	Amateur	7	16.7	16.7	100.0
	Total	42	100.0	100.0	

Number of Business Owners by Age

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	26 - 35	5	11.9	11.9	11.9
	36 - 45	16	38.1	38.1	50.0
	46 - 55	15	35.7	35.7	85.7
	56 - 65	4	9.5	9.5	95.2
	Over 65	2	4.8	4.8	100.0
	Total	42	100.0	100.0	

Number of Business Owners by Gender

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	33	78.6	78.6	78.6
	Female	9	21.4	21.4	100.0
	Total	42	100.0	100.0	

Appendix 13: Duncan's Oneway ANOVA test for variance of means between business owner's age and business size.

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Number of Restaurants	Between Groups	1.010	4	.252	.351	.842
	Within Groups	26.633	37	.720		
	Total	27.643	41			
Covers Recoded	Between Groups	7.236	4	1.809	.826	.517
	Within Groups	81.050	37	2.191		
	Total	88.286	41			
Employment by Category	Between Groups	2.262	4	.566	1.542	.210
	Within Groups	13.571	37	.367		
	Total	15.833	41			
Turnover (1000s)	Between Groups	17.963	4	4.491	1.227	.316
	Within Groups	135.371	37	3.659		
	Total	153.333	41			

Post Hoc Tests
Homogeneous Subsets

Number of Restaurants

Duncan[a,b]

Age	N	Subset for alpha = .05
		1
Over 65	2	1.0000
26 - 35	5	1.2000
46 - 55	15	1.3333
36 - 45	16	1.3750
56 - 65	4	1.7500
Sig.		.239

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 4.633.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Covers Recoded

Duncan[a,b]

Age	N	Subset for alpha = .05
		1
26 - 35	5	2.6000
46 - 55	15	3.6000
36 - 45	16	3.6250
56 - 65	4	4.0000
Over 65	2	4.5000
Sig.		.088

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 4.633.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Employment by Category

Duncan[a,b]

Age	N	Subset for alpha = .05	
		1	2
26 - 35	5	1.6000	
46 - 55	15	1.7333	1.7333
36 - 45	16	1.8125	1.8125
Over 65	2	2.0000	2.0000
56 - 65	4		2.5000
Sig.		.368	.085

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 4.633.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Turnover (1000s)

Duncan[a,b]

Age	N	Subset for alpha = .05
		1
46 - 55	15	3.5333
26 - 35	5	4.4000
36 - 45	16	4.6875
Over 65	2	5.0000
56 - 65	4	5.5000
Sig.		.171

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 4.633.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Appendix 14: Duncan's Oneway ANOVA test for variance of means between professional categories and business growth.

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
COVERS	Between Groups	7031.957	3	2343.986	.780	.512
	Within Groups	114122.0	38	3003.212		
	Total	121154.0	41			
NUMBER	Between Groups	.305	3	.102	.252	.859
	Within Groups	15.314	38	.403		
	Total	15.619	41			
EMPLOYEE	Between Groups	93.148	3	31.049	.719	.547
	Within Groups	1641.329	38	43.193		
	Total	1734.476	41			
TURNOVER	Between Groups	2.977	3	.992	.512	.676
	Within Groups	73.595	38	1.937		
	Total	76.571	41			

Post Hoc Tests
Homogeneous Subsets

COVERS

Duncan[a,b]

Professional Category	N	Subset for alpha = .05
		1
Amateur	7	-3.2857
Amapro	11	.0000
Pro	10	2.1000
Oper	14	27.1429
Sig.		.269

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 9.872.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

NUMBER

Duncan[a,b]

Professional Category	N	Subset for alpha = .05
		1
Amapro	11	.0000
Amateur	7	.0000
Oper	14	.1429
Pro	10	.2000
Sig.		.530

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 9.872.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

EMPLOYEE

Duncan[a,b]

Professional Category	N	Subset for alpha = .05
		1
Amateur	7	-1.0000
Amapro	11	.0000
Pro	10	1.6000
Oper	14	2.9286
Sig.		.234

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 9.872.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

TURNOVER

Duncan[a,b]

Professional Category	N	Subset for alpha = .05
		1
Amateur	7	-.1429
Amapro	11	9.091E-02
Pro	10	.4000
Oper	14	.5714
Sig.		.307

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 9.872.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Appendix 15: Duncan's Oneway ANOVA test for variance of means between professional categories and CIT types.

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
POSITIVE	Between Groups	4.906	3	1.635	1.746	.174
	Within Groups	35.594	38	.937		
	Total	40.500	41			
NEGATIVE	Between Groups	4.768	3	1.589	1.709	.182
	Within Groups	35.351	38	.930		
	Total	40.119	41			
PROACTIV	Between Groups	9.454	3	3.151	2.788	.054
	Within Groups	42.951	38	1.130		
	Total	52.405	41			
REACTIVE	Between Groups	6.764	3	2.255	2.283	.095
	Within Groups	37.522	38	.987		
	Total	44.286	41			

Post Hoc Tests
Homogeneous Subsets

POSITIVE

Duncan[a,b]

Professional Category	N	Subset for alpha = .05
		1
Amateur	7	1.0000
Amapro	11	1.1818
Oper	14	1.7857
Pro	10	1.8000
Sig.		.101

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 9.872.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

NEGATIVE

Duncan[a,b]

Professional Category	N	Subset for alpha = .05
		1
Oper	14	1.2143
Pro	10	1.5000
Amapro	11	1.8182
Amateur	7	2.1429
Sig.		.056

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 9.872.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

PROACTIV

Duncan[a,b]

Professional Category	N	Subset for alpha = .05	
		1	2
Amateur	7	.8571	
Amapro	11	1.1818	1.1818
Oper	14	1.7143	1.7143
Pro	10		2.2000
Sig.		.098	.050

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 9.872.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

REACTIVE

Duncan[a,b]

Professional Category	N	Subset for alpha = .05	
		1	2
Pro	10	1.2000	
Oper	14	1.2857	
Amapro	11	1.8182	1.8182
Amateur	7		2.2857
Sig.		.200	.302

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 9.872.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Appendix 16: Raw data for the behavioural profile of all business owners in the sample frame.

	Total	%
Owner		
1	228	25.93
2	186	11.56
3	164	14.95
4	360	22.09
5	80	6.78
6	253	19.03
7	161	16.97
8	54	5.47
9	268	24.89
10	46	6.30
11	44	7.20
12	65	6.99
13	230	26.77
14	62	11.17
15	0	0
16	110	9.55
17	90	5.83
18	141	11.92
19	134	10.46
20	100	14.80
21	114	8.71
22	25	2.76
23	108	9.44
24	68	5.22
25	225	14.88
26	217	16.33
27	85	8.10
28	248	28.10
29	126	10.95
30	159	15.45
31	0	0
32	48	5.28
33	160	25.03
34	77	12.46
35	239	19.18
36	117	13.10
37	338	36.24
38	102	12.30
39	304	35.40

Appendix 17: Pillais' multivariate test between the business ownership category and business growth

General Linear Model

Between-Subjects Factors

		Value Label	N
Business Owner	.00		3
	1.00	Entre	3
	2.00	Quasi	8
	3.00	Admin	14
	4.00	Care	14

Multivariate Tests[c]

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.088	.816[a]	4.000	34.000	.524
	Wilks' Lambda	.912	.816[a]	4.000	34.000	.524
	Hotelling's Trace	.096	.816[a]	4.000	34.000	.524
	Roy's Largest Root	.096	.816[a]	4.000	34.000	.524
PROCAT	Pillai's Trace	.365	.930	16.000	148.000	.536
	Wilks' Lambda	.667	.926	16.000	104.509	.542
	Hotelling's Trace	.451	.916	16.000	130.000	.553
	Roy's Largest Root	.295	2.727[b]	4.000	37.000	.044

a. Exact statistic

b. The statistic is an upper bound on F that yields a lower bound on the significance level.

c. Design: Intercept+PROCAT

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	COVERS	24435.762[a]	4	6108.940	2.337	.073
	NUMBER	3.363[b]	4	.841	2.538	.056
	EMPLOYEE	377.857[c]	4	94.464	2.576	.053
	TURNOVER	12.524[d]	4	3.131	1.809	.148
Intercept	COVERS	7255.822	1	7255.822	2.776	.104
	NUMBER	.712	1	.712	2.148	.151
	EMPLOYEE	115.579	1	115.579	3.152	.084
	TURNOVER	5.079	1	5.079	2.934	.095
PROCAT	COVERS	24435.762	4	6108.940	2.337	.073
	NUMBER	3.363	4	.841	2.538	.056
	EMPLOYEE	377.857	4	94.464	2.576	.053
	TURNOVER	12.524	4	3.131	1.809	.148
Error	COVERS	96718.238	37	2614.006		
	NUMBER	12.256	37	.331		
	EMPLOYEE	1356.619	37	36.665		
	TURNOVER	64.048	37	1.731		
Total	COVERS	124556.0	42			
	NUMBER	16.000	42			
	EMPLOYEE	1794.000	42			
	TURNOVER	80.000	42			
Corrected Total	COVERS	121154.0	41			
	NUMBER	15.619	41			
	EMPLOYEE	1734.476	41			
	TURNOVER	76.571	41			

a. R Squared = .202 (Adjusted R Squared = .115)

b. R Squared = .215 (Adjusted R Squared = .130)

c. R Squared = .218 (Adjusted R Squared = .133)

d. R Squared = .164 (Adjusted R Squared = .073)

Appendix 18: Pearson's two-tailed correlation coefficient test between demographic category and the behavioural profile of business owners.

Correlations

		Business Owner	Professional Category
Business Owner	Pearson Correlation	1.000	.271
	Sig. (2-tailed)	.	.083
	N	42	42
Professional Category	Pearson Correlation	.271	1.000
	Sig. (2-tailed)	.083	.
	N	42	42

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	COVERS	24435.762[a]	4	6108.940	2.337	.073
	NUMBER	3.363[b]	4	.841	2.538	.056
	EMPLOYEE	377.857[c]	4	94.464	2.576	.053
	TURNOVER	12.524[d]	4	3.131	1.809	.148
Intercept	COVERS	7255.822	1	7255.822	2.776	.104
	NUMBER	.712	1	.712	2.148	.151
	EMPLOYEE	115.579	1	115.579	3.152	.084
	TURNOVER	5.079	1	5.079	2.934	.095
PROCAT	COVERS	24435.762	4	6108.940	2.337	.073
	NUMBER	3.363	4	.841	2.538	.056
	EMPLOYEE	377.857	4	94.464	2.576	.053
	TURNOVER	12.524	4	3.131	1.809	.148
Error	COVERS	96718.238	37	2614.006		
	NUMBER	12.256	37	.331		
	EMPLOYEE	1356.619	37	36.665		
	TURNOVER	64.048	37	1.731		
Total	COVERS	124556.0	42			
	NUMBER	16.000	42			
	EMPLOYEE	1794.000	42			
	TURNOVER	80.000	42			
Corrected Total	COVERS	121154.0	41			
	NUMBER	15.619	41			
	EMPLOYEE	1734.476	41			
	TURNOVER	76.571	41			

a. R Squared = .202 (Adjusted R Squared = .115)

b. R Squared = .215 (Adjusted R Squared = .130)

c. R Squared = .218 (Adjusted R Squared = .133)

d. R Squared = .164 (Adjusted R Squared = .073)

Appendix 18: Pearson's two-tailed correlation coefficient test between demographic category and the behavioural profile of business owners.

Correlations

		Business Owner	Professional Category
Business Owner	Pearson Correlation	1.000	.271
	Sig. (2-tailed)	.	.083
	N	42	42
Professional Category	Pearson Correlation	.271	1.000
	Sig. (2-tailed)	.083	.
	N	42	42